

Monitoring Surveyor – Interim Report

Contents and Format

- i. The Consultant is to complete a report under the headings 1 to 10 detailed below (**Interim Report**) and each of the subheadings paying particular attention to each Minimum Requirement and each Mandatory Requirement (these will be matters included in any report issued to Homes England) as defined below.
- ii. The Consultant is to decide on the makeup of the final reports issued to Homes England using the Consultant's professional judgement.
- iii. It is the duty of the Consultant to request information from Homes England and the Borrower as the Consultant considers necessary in order to prepare the Initial Report. The Consultant must notify Homes England if the lack of information is causing difficulties in preparation of the Interim Report (x2).
- iv. Homes England takes no responsibility for the accuracy of the Consultants reports or correspondence.
- v. The reports will be issued to Homes England in hard copy, with a sufficient number of copies reasonably requested by Homes England, and an electronic or PDF scanned copy.
- vi. The Consultant will send a sample or specimen report to Homes England in order to agree the final format which is to be used.
- vii. The Consultant may subcontract to specialist service providers (relating to **civil and structural engineering, fire safety** and **health and safety**) where the Consultant does not possess those specialist skills and qualifications as set out in Appendix 2.

The specialist service provider must be identified at the beginning of the instruction and the cost be clearly set out separate to the Consultants fee quote.

- viii. **Overarching duties** - This is the scope for an Independent Monitoring Surveyor and central to that role is monitoring the progression of a construction development and the compliance of the borrower with the Loan Facility Agreement.
- ix. **Confirming Draw-down amounts** - The Consultant will be responsible for reviewing Project expenditure and confirming to the Agency that periodic spending is in line with the Development

Appraisal, the Initial Cash-flow Statement (as revised from time to time in accordance with the provisions of the Loan Facility Agreement) and Agreed Plans.

The Consultant will issue a certificate confirming that spending is in accordance with Project plans and this will be a condition precedent to each draw-down.

- x. **Meeting Attendance** - As part of the preparation of the Interim Report the Consultant may be required to attend meetings with Homes England, the Borrower and its advisors, contractors, prospective contractors and the other advisors to the Borrower and Homes England.

CONTENTS OF THE INTERIM REPORT

1. INTRODUCTION

Minimum Requirement: Provide a brief introduction of the development, the parties, the budgets, the procurement methods, the loan facility [amount and duration] and future timescales of drawdown, sources of information and liaison with Homes England team.

2. EXECUTIVE SUMMARY

Minimum Requirement: Provide a table with concise comments, identifying headline issues for each main heading of the Contents below.

Minimum Requirement: Provide a High, Medium, Low risk indicator for each heading, coloured Green, Amber or Red - Detailed comments will be incorporated in the main body of the report.

2.1 Detailed comments should be incorporated in the main body of the report.

3. PROGRESS, PROGRAMME

Mandatory Requirement: Project Success - The Consultant will make specific comment on the progress and likely success of the Project and the delivery of the Works against the Development Appraisal and plans reviewed in the Initial Report (or otherwise at the outset of the Project where the Consultant did not write the Initial Report).

The Consultant will make comment on any changes in the plans set out in the Development Appraisal and provide commentary on how these changes to the Project or the Works may alter the valuations expectation that Homes England has relied upon in lending or investing to the Project.

“Works” means those construction activities (including where relevant their design and/or the selection of materials and goods therefore) described in and to be executed under the Building Contract or any other construction, civil or structural engineering and services required to complete the project.

“Project” means the completion of the residential units and all associated and ancillary works as required under the Facility Loan Agreement.

“Development Appraisal” will include as a minimum the following items:

- a) the Agreed Plans;
- b) the Initial Build Programme;
- c) the Initial Cash Flow Statement;
- d) the amount of any costs of the Project incurred and paid to the date of such appraisal (if any);
- e) the amount of the Development Costs required to complete the Project estimated as at the date of such appraisal;
- f) the contingency;
- g) Permitted Revenues.

“Agreed Plans” means the detailed architect’s drawings and buildings specifications for the Project in form and content acceptable to Homes England.

“Development Costs” means the total of all development costs and expenses incurred by the Borrower and/or any party working with respect to the Project, and/or which the Borrower or any of the Professional Team (as defined in the Facility Loan Agreement) should have reasonably estimated will be incurred in relation to the Project.

“Initial Build Programme” means the programme of development activities as approved by Homes England for that purpose at the commencement of the Project.

“Initial Cash Flow Statement” means the Cash Flow Statement at the time of signing the Facility Agreement that provides the starting point for the cash expenditure analysis of the Project. The Consultant will ensure that analysis of the cost and programme will use the same base date and the Initial Cash Flow Statement will be appropriate and correspond to the construction outputs in the Initial Build Programme.

“Permitted Revenues” means income received by the Borrower, including but not limited to housing association monies, grant monies and sale completion monies, and approved by Homes England for use in meeting Development Costs.

3.1 Progress summary of construction: Units and Infrastructure

Minimum Requirement: The Project - The Consultant will provide a short introductory description of the development and confirming that the Project and Works are continuing as anticipated in the Initial Report (or at the commencement of the instruction), including the types of property being built, the **Building Technology** being used within the Project and Works.

“Building Technology” means design, structure (including foundations, cladding, structural frame and support), structural design as a genus, method of construction and materials used.

3.2 Progress against programme: Design, Procurement, Construction

Minimum Requirement: Progress against Initial Build Programme - The Consultant will provide on the progress of the Works and the Project against the Initial Build Programme (noting any **Key Dates**) including a review of the process for designing any parts of the Works that are programmed to happen after the Works have commenced (**Design Process**) and any programmed stages or phases (**Phasing**) noting how these could have implications for the Progress against Initial Build Programme.

The Consultant will comment progress against any key **contractual targets** relating to planning permissions or relevant statutory works, the loan agreement or any other relevant documents (for example a development agreement and building lease). Other **milestones** to be commented on include practical completion, sectional completions and pre-sale and/or pre-let longstop dates, delivery of marketing suites and show accommodation, or **relating to any subcontracts and contracts** which may have a cost or time implications.

Minimum Requirement: Completion - The Consultant will review and comment on the completion procedures, handover and snagging & defects processes agreed between the Borrower and its contractor(s) confirming to Homes England what the state of readiness for habitation the completed units will be in and what certificates and warranties will be in place (NHBC etc).

3.3 Progress against programme: Facility Milestones, Sequential phasing, Contractual targets, Completion/handover

3.4 Variations to Programme, Facility Milestones, Sequential phasing and/or Contractual targets

Mandatory Requirement: Variations in the Project, Works and from the Initial Programme – The Consultant will make comment on any variations from the Initial Programme confirming

compliance with programme based covenants in the Loan Facility Agreement or commenting on the likelihood of a breach of those covenants.

3.5 Actions to maintain or correct progress against Initial Programme and Development Appraisal

Minimum Requirement: Remedial actions – the Consultant will comment on any measures being adopted to correct progress against the Initial Programme and the Development Appraisal (as varied with the approval or acknowledgement of Homes England) making particular reference as to where the Consultant considers that this will have an impact on the value of the Project, the quality of the Works, defects or Health and Safety.

4. FINANCIAL

4.1 Expenditure summary: Development costs to date

4.2 Variations, Up-dated Development budgets, Revenue, Loan

Mandatory Requirement: Variations in the Project, Works and from the Initial Programme – The Consultant will make comment on any variations from the Initial Programme and the Initial Cash Flow Statement.

The Consultant will confirm the variations will not affect the borrower's compliance with programme based covenants in the Loan Facility Agreement or commenting on the likelihood of a breach of those covenants.

4.3 Revenue summary: Sales proceeds, Revenue—to date

Minimum Requirement: Cash Flow Adequacy – The Consultant will review the Cash Flow Statement and the adequacy of the cash, revenue and costing information to carry out the Project and the Works and paying particular attention to the draw-down profile, recycling and VAT.

Minimum Requirement: Confirmation of receipt of proceeds - The Consultant will report on the evidence receipt of proceeds including cash contributions, revenues and proceeds from disposals permitted by the Homes England (if applicable) and presented in the Cash Flow Statement in reviewed in compiling the Monthly Progress Report.

4.4 Adequacy of funds & Loan Facility summary: Loan required to date, Loan Drawn, Net loan this period (recycling)

Mandatory Requirement: Adequacy of Funds - The Consultant will confirm that the undrawn amount under the Loan Facility Agreement together with Permitted Revenues (as defined in the Loan

Facility Agreement), and other funding (equity and other sources of debt) will be sufficient to meet the costs required to complete the Project to the standard anticipated in the valuation that Homes England has relied upon. The Consultant will comment on any implications of the latest view of Cost-to-Complete the Consultant may have.

The Consultant may present this using a “sources and uses” table as are commonly used in the banking market, with comments beneath.

4.5 Development Cost Reconciliation: Costs Reconciliation and Costs & Revenues-to-date vs. Initial Cash Flow Forecast

Mandatory Requirement: Costs Reconciliation – The Consultant will provide an updated assessment and commentary on the progress against the Project Initial Cash Flow Statement and the findings in the Cost-to-Complete assessing progress against elemental costs.

Minimum Requirement: Costs & Revenues-to-date v Initial Cash Flow Statement - The Consultant will be responsible for reviewing Project expenditure and confirming to the Agency that periodic spending is in line with the Development Appraisal, Cash-flow Statement (as agreed periodically with Homes England) and the Agreed Plans.

Minimum Requirement: MI - The Consultant will agree with Homes England a schedule of data to assist with the compiling of the Homes England MI which will be agreed at the commencement of the instruction. This will include periodic benchmarking of the construction costs to ensure value for money in compliance with the Loan Facility Agreement.

Cost-per-Unit/cost per square foot (or m2) - The Consultant will estimate the Initial Cost-per-Unit and the Initial Total Cost-per-Unit and state it in a table at the front of your report.

4.6 Cost-to-complete

Mandatory Requirement: Cost-to-complete - The Consultant will include an estimate for the cost-to-complete the Project for detailing expenditure in each period and this projection will be updated at each Interim Report. Please see Schedule 1 for the basis Homes England calculates cost-to-complete.

4.7 Value Added Tax: Paid, Reclaimed

Minimum Requirement: Remedial actions – the Consultant will comment on the amount of any Value Added Tax payments which have been paid by the Borrower together with a statement of how much

Value Added Tax has been reclaimed by the Borrower from HM Revenue & Customs and repaid to the Homes England.

5. QUALITY, COMPLIANCE, DEFECTS

Mandatory Requirement: Monthly Site Visit - As part of the preparation of the Monthly Progress Report the Consultant may be required to attend the Monthly Project Meeting. The Consultant will liaise with the Borrower to arrange attendance at the Monthly Progress Meeting.

In addition to or coinciding with the Monthly Progress meeting the Consultant will undertake the Monthly Site Visit.

Where the Project is spread over multiple sites or the site is made up of a number of properties, that in the opinion of the Consultant a monthly physical inspection of each Unit would not be feasible, the Consultant will suggest a strategy to undertake the Monthly Site Visit that will enable it to perform its obligations under this Instruction, to be agreed with the Homes England.

Minimum Requirement: Defects and Quality - The Consultant will pay particular attention to any evidence of defective workmanship and workmanship and will make comment on the process of snagging and preparing the Works for sign off and certification (e.g. NHBC or as otherwise appropriate).

Minimum Requirement: Handover - The Consultant will monitor and comment on progress of the completion and handover of the Works issuing a certificate (the Certificate of Completion that is included in a standard format in the schedules to the Facility Agreement). The Agency will rely on the Certificate of Completion to signal the completion of the works to the standard anticipated in the Development Appraisal and the contractual agreements relating to the Project.

Minimum Requirement: Snagging & Certification - The Consultant will also comment on the Snagging items found at handover of the Works and will discuss with the Agency the implications of the type of Snagging items that exist prior to issuing the Certificate of Completion. The achievement of completion and the issuance of the Certificate of Completion by the Consultant, in accordance with the Facility Agreements, will trigger the release or alteration of the contractual and security rights held by the Agency as contained within the covenants within the Facility Agreement and the Finance Documents. At the point of issuing the Certificate of Completion the Consultant is satisfied that the Works including any Snagging are complete.

Minimum Requirement: Infrastructure Completion - The Consultant will comment upon completion, the quality and method of any Infrastructure, enabling works (including foundations,

demolition, retaining walls or reinforced embankments) required in order for the Works and Project to progress.

5.1 Site visits and observations

Requirement: Observations - as the Consultants consider appropriate in their professional opinion.

5.2 Quality Control, Quality Assurance

5.3 Third party inspections, records, defects, outstanding matters

5.4 Completion Sign-Off and Certification — completed units

6. REGULATIONS AND CONSENTS

Minimum Requirement: Regulations & Consents - The Consultant will provide commentary on whether the Borrower can demonstrate satisfactory compliance with all applicable statutory, laws, regulations and approvals, including but not limited to:

- planning approvals; environmental approvals; building regulations approvals; listed building consents; right-to-light agreements or other claims, agreements and arrangements with neighbouring sites for the facilitation of the Works and, public health act approvals and fire authority approvals.

Mandatory Requirement: Approvals Process - The Consultant will also provide commentary on the progress relating to any programme for obtaining any further statutory approvals (if any) and the risks associated with procuring these future approvals.

6.1 Planning permissions — progress with approvals, conditions

6.2 Statutory agreements, highways, water, utilities — progress with approvals, conditions

6.3 Building Regulations — progress with approvals, conditions

6.4 Regulations: Construction (Design and Management), Health and Safety, Fire Safety inc. Joint Fire Code

6.5 Other statutory or regulatory consents or licences — progress with approvals, conditions

6.6 Latent Defect Insurance — progress with approvals, conditions

6.7 Health and Safety: Compliance

Minimum Requirement: Site Security - The Consultant will comment upon the effectiveness of security measures at the site including fences, hoardings, gates and other measures to limit access to the Site and the appropriateness of those measures given the location of the Site within the local community. Proximity to schools, hospitals and other public facilities should be considered as should efforts to minimise any peril or discomfort to the neighbouring community.

Minimum Requirement: Site Security - The Consultant will comment upon the effectiveness of security measures at the site including fences, hoardings, gates and other measures to limit access to the Site and the appropriateness of those measures given the location of the Site within the local community. Proximity to schools, hospitals and other public facilities should be considered as should efforts to minimise any peril or discomfort to the neighbouring community.

Mandatory Requirement: Health & Safety - The Consultant will confirm that they have reviewed information necessary to assess the compliance of the Borrower with the Health & Safety provisions of the Facility Agreement. The Consultant will confirm that in their opinion the Borrower has taken all necessary steps required to comply with the Health & Safety obligations imposed on them within the Facility Agreement, including but not limited to:

To provide assurance that the borrower / developer in their capacity as CDM client, are discharging their duties as CDM Client, has made suitable arrangements for managing their project, enabling those carrying it out to manage health and safety risks in a proportionate way. This will include but not limited to:

- Confirm the appointment of the principal designer and principal contractor on projects involving more than one contractor.
- Comment on adequacy of arrangements in place for making sure contractors and designers including the principal designer and principal contractor (on projects involving more than one contractor) have the skills, knowledge, experience and organisational capability.
- Comment on adequacy of the arrangements in place to make sure that any principal designer and principal contractor appointed carry out their duties in managing the project e.g. monitoring arrangements progress meetings and site inspections.
- Comment on the adequacy of arrangements in place for providing pre-construction information to every designer and contractor either bidding for the work or already appointed to the project.
- Comment of the adequacy of arrangements in place for allowing sufficient time and resources for each stage of the project.
- Confirm the arrangements in place for ensuring suitable welfare facilities are provided for the duration of the construction work.

- Comment on the adequacy of arrangements in place to maintain and review the management arrangements for the duration of the project.
- Confirm that the principal contractor or contractor (for single contractor projects) has prepared a construction phase plan and comment on its adequacy.
- Confirm that the principal designer is preparing a health and safety file for the project.
- For notifiable projects (where planned construction work will last longer than 30 working days and involves more than 20 workers at any one time; or where the work exceeds 500 individual worker days), that the project has been notified to the HSE and a copy of the notification is displayed on site.

Confirm the arrangement in place for reporting and investigating accidents and incidents and that where applicable, notifiable accidents and incidents reportable under RIDDOR are notified to the Health and Safety Executive, and that such accidents and incidents are reported to Homes England, in accordance with the relevant clause in the facility / development agreement.

The Borrower / Developer agrees to maintain an accurate record of all health, safety and environmental incidents and provide a report to Homes England's Health & Safety Manager quarterly in the specified in the relevant schedules.

Mandatory Requirement: Environmental Monitoring and Assurance -

To provide assurance that the borrower / developer has made suitable arrangements for managing their project in line with applicable environmental legislation and other compliance obligations, enabling those carrying out the project to manage environmental risks. This will include, but is not limited to:

- Confirm that the Borrower/Developer has prepared a construction phase environmental management plan and comment on its adequacy.
- Comment on adequacy of arrangements in place for identifying and managing the Project / Development's key environmental risks, e.g. waste and materials management, ecology, pollution prevention and response, noise and nuisance, etc.
- Comment on adequacy of the arrangements in place by the Borrower / Developer to monitor and manage environmental risks and their mitigation on site.
- Comment on the availability and competence of specialist resources required to support delivery of the Project / Development, e.g. ecologists, archaeologists, etc.
- Comment on any environmental observations that may adversely affect the delivery of the scheme in relation to funding, programme and reputation.
- Confirm the arrangements in place for reporting and investigating environmental incidents and statutory nuisance complaints, and are reported to Homes England, in accordance with the relevant clause in the facility / development agreement.

Mandatory Requirement: Fire Safety – The Consultant will confirm that any building higher than 11 metres has regulatory compliant cladding and comply with building control. Additionally, the Consultant will confirm that the required fire safety reports have been issued for the Project and send a copy of each report with comments as to the findings to Homes England highlighting any concerns Homes England should have as to the findings or observations in the fire safety reports.

7. PROCUREMENT

Mandatory Requirement: Loan Facility Agreement Provisions – The Consultant will check and confirm that the borrower is complying with the procurement policy as set out by the Consultant in the (Initial Report), commenting where the borrower has changed its approach.

The Consultant will confirm that the procurement of services by the borrower satisfies the obligations relating to procurement and value for money contained within the Loan Facility Agreement. Providing any benchmarking as required within the Loan Facility Agreement.

Mandatory Requirement: Modern Slavery - Modern Slavery Confirmation a high level overview of any events that have occurred in the operations of the Borrower that appropriate reviews have been undertaken to comply with the Modern Slavery laws and regulations.

7.1 Summarise procurement Parties, Contracts, Appointments, Subcontracts

Mandatory Requirement: Modern Slavery – The Consultant should comment on the percentage of the supply chain has been contracted and on what contractual terms (noting the Legal Guidelines below).

The Consultant will also confirm whether adequate records of contractual arrangements and contractual documents are being maintained (including schedules to construction framework documentation) this should be undertaken as part of the site visit.

Legal Guideline: Borrowers are encouraged to use published forms of market standard contracts as available from the **Joint Contracts Tribunal** or **New Engineering and Construction Contract** as appropriate for the relevant project albeit there may be occasions where a borrower wishes to use a **bespoke form** of contract.

Legal Guideline: It should be encouraged that all contracts are **drafted and executed** by **appropriately qualified professionals** (solicitors and barristers) and it is noted that some small very standard JCT contracts may be prepared and executed by quantity surveyors. Contracts with a value over £20,000 should be executed as deeds.

7.2 Subcontractors and suppliers, Materials, Labour, Off-site manufacture, Supply chain security, Resource availability

Minimum Requirement: Bills of Lading, Storage and Ownership of materials – the Consultant will comment on the storage of materials and will confirm or otherwise comment as to whether materials included in draw-down requests have been received by the borrower, are in the ownership of the borrower (by virtue of a bill of lading), or are stored on the site securely.

Minimum Requirement: Supply Chain contact details - The Consultant will maintain a list with all the contact details of the supply chain members, contractors and suppliers and note their role. This may be requested from the borrower.

7.3 Construction: MMC, Variations, Claims or Disputes, Resolutions

Mandatory Requirement: Variations in the Project and Works– The Consultant will make comment on any variations from the Project and Works described in the Development Appraisal.

The Consultant will confirm the variations will not affect the borrower’s compliance with programme based covenants in the Loan Facility Agreement or commenting on the likelihood of a breach of those covenants.

Minimum Requirement: The Consultant will provide commentary on the proposed contractor(s) and sub-contractors, their suitability, relevant experience and any substantiated or unsubstantiated (insofar as it may be disclosed) information which the Consultant is aware of and free to disclose in respect of each proposed sub-contractors including in relation to performance on other developments.

The Consultant will make observations as to the appropriateness of the Building Technology being used within the Works noting in particular whether this technology corresponds with the information provided in the Cost Reconciliation section of the report.

Minimum Requirement: Modern Methods of Construction - The Consultant will report on the manufacturing process, build warranty accreditation (i.e. BOPAS / Build zone / NHBC) and payment cycle for materials off-site; including the use of recommended vesting certification, insurance, identification and safe storage of off-site materials.

- Identify any key risks, guarantees, bonds and direct contract obligations.
- A factory site visit is required to map out the manufacturing process, quality assurance procedures and key milestone dates.

Minimum Requirement: Supply Chain Security - The Consultant will provide comment supply of materials or labour in the area local to the Project or nationally that could cause an increase in the costs or a delay in the Project. The Consultant will also consider any particular dependency on a supply chain or an internal cost regime that could leave the Project exposed to increased costs where that counter-part fails (for example due to insolvency of the contractor).

The Consultant will report the processes for the storage and identification of materials off-site including noting whether the Borrower is maintaining bills of lading to identify its ownership of materials paid for with proceeds of the loan from Homes England.

Minimum Requirement: Disputes: Homes England considers Disputes & Potential Disputes to be a key indicator of problems on site, potential delays and quality issues. The Consultant will provide a periodically updated list of any material contractual issues or Disputes & Potential Disputes (as defined) and proposed mechanisms for resolution and details of the quantum of claim.

Minimum Requirement: Claims: The Consultant will note and comment upon any claims against subcontractor surety bonds, retentions and any other contractual deductions (including alleged cause and likely quantum of claim and possible impact in the Initial Build Programme). If required the Consultant will undertake a detailed review under this Scope, but on terms to be agreed with Homes England.

Minimum Requirement: Defects and Quality: The Consultant will request and comment on any evidence of defective workmanship and workmanship that falls below the quality standard expected in the contractual undertakings of the Borrower, the contractor(s) or the sub-contractors as presented by the Borrower, contractor(s) and Professional Team.

7.4 Design Compliance, Deviations from Agreed Plans

Minimum Requirement: Design Compliance - The Consultant will comment on any deviation from the design anticipated by the Development Proposal and the Agreed Plans.

8. INSURANCES

Mandatory Requirement: Insurance Confirmation – the Consultant will provide a high level description of that adequate insurances are paid for and placed, and continuing to be in force for the borrower and its subcontractors (and Professional Team as relevant) and a confirmation that each Site has an updated Site Insurance Confirmation and that underlying insurances are all in place.

Included in the Insurance Confirmation will be an up to date register of any claims and a register of any notifications that have been provided to any borrower (subcontractor and Professional Team) insurers in accordance with the terms of its policies. The Consultant will comment on the adequacy, compared against schemes of a similar size and nature.

The Consultant will make enquiries of the borrower and provide details of the following:

- insurance claims by the borrower;
- any insurance claims the borrower is relying upon for any Project cash-flow;
- any actions in subrogation by any insurer; or
- any proposal to change an insurer.

8.1 Property insurances: Owner, Indemnities — confirm current policies

8.2 Building Contract insurances: Existing structures, All Risks — confirm current policies

8.3 Professional Team insurances — confirm current policies

8.4 Other insurances: Subcontractors, Materials, Insurance-backed guarantees & bonding — confirm current policies.

9. APPENDICES

9.1 Photographs of the progress of construction

Minimum Requirement: Photographs - The Consultant will ensure that all Photographs are clear, offer an appropriate view and perspective of the site, as well as detail as required to illustrate points made in the report. Photos will include materials stored on site (these photographs being used in evidence to substantiate claims by the Consultant that materials were on site).

9.2 Development Appraisal — HE Template D

9.3 Cash Flow Forecast, showing monthly: Expenditure, Revenue, External funding required — HE Template B

9.4 Programme, showing monthly: Completion of units, Homes England Milestones, Revenues — HE Template E

9.5 Risk summary, Actions required

Schedule 1

Cost-to-Complete

Cost to Complete Review detailing the estimate of the cost-to-complete the construction activities on the Site to the completion of the whole Site as anticipated and set out in the Original Development Appraisal will be included in the Initial Report and each report thereafter.

Each Cost-to-Complete Review (from the Initial Cost-to-Complete Report and each updated Cost-to-Complete Report) will be prepared, reviewed and confirmed by a suitably qualified professional (the **Cost Consultant**) owing a duty of care to Homes England in all of its capacities (as investor, lender or interested title holder) and other parties as directed by Homes England in writing, that person being a Quantity Surveyor and a member of the Royal Institution of Chartered Surveyors or an appropriately experienced full chartered member of the Chartered Institute of Building by written agreement of Homes England at the commencement of the instruction).

1. The Initial Cost-to-Complete Review

The first cost-to-complete review within the Initial Report will include the Initial Programme Budget as defined below:

- "Initial Programme Budget"** means a depiction of the periodic capital expenditure (presented on a monthly basis) prepared by the Cost Consultant and setting out the phases of the development and confirming the following:
- a) Day One Target Construction Cost and the Day One Target Development Cost;
as required to achieve
 - b) the **Development Practical Completion** by the **Day One Target Completion Date** assuming a start on Site date being the **Target Start on Site Date**.

The Initial Programme Budget will also include observations and assumptions of factors that may

cause the **Day One Target Construction Cost** and the **Day One Target Development Cost** or **Day One Target Completion Date** to exceed their more recent updated estimations.

Further Definitions

"Day One Target Completion Date"	means the date in the Original Development Appraisal, that it was estimated when Development Practical Completion would occur and underpins the original Board approved construction and development budgets and cost estimates;
"Day One Target Construction Cost"	means being the supply chain construction costs estimated as presented to the Members in the Original Development Appraisal, as being required to complete the development finishing all Homes on the Site achieving the Development Practical Completion as set out in the Original Development Appraisal and NHBC certification on all Homes, by the Day One Target Completion Date, as set out in the Original Development Appraisal.
"Day One Target Development Cost"	means being the supply chain construction costs, Development Service Costs, overheads and marketing costs estimated and presented to the Members in the Original Development Appraisal, as being required to complete the development finishing all Homes on the Site to a level where they would achieve NHBC certification on all Homes, by the Day One Target Completion Date, as set out in the Original Development Appraisal;
"Development Practical Completion"	means practical completion of the whole of the Development (and if such Development was completed in sections meaning practical completion of the last section) where the borrower, and borrower's project manager or similar professional support, confirms that the Development is complete in all major respects including where applicable: (a) the car parking areas for any relevant Dwelling are completed and that all private drives and pathways for any relevant Dwelling have been laid to wearing course level with any demarcation and identification of parking spaces completed; and

- (b) Estate Roads serving any relevant Dwelling are completed to at least base course level (with raised iron works protected); and
- (c) all necessary street lighting and services serving any relevant Dwelling have been provided and made operational and all road names and street signage complete; and
- (d) in the case of apartments all common parts of the building of which they form part and communal areas have been completed; and
- (e) safe vehicular and pedestrian access is available from the public highway to any relevant Dwelling (but not necessarily that the turfing of any lawn has been completed where this is prevented by adverse weather or the season being inappropriate to the laying of it or that minor defects have been remedied); and
- (f) sufficient Infrastructure serving any relevant Dwelling has been completed); and
- (g) the Handover Documentation applicable to the Dwelling Unit has been provided to the borrower.

"Original Development Appraisal"

means the first full original Development Appraisal approved by the borrower's Board relating to the Project and Works and setting out the number of Homes to be completed, their standard, the programme for completion and estimating the cost of the development of the Homes. This Original Development Appraisal is the Board approved starting point and reference point for any increase in cost or time relating to the Project or Works and will be provided to the Cost Consultant at the start of the instruction.

"Target Start on Site Date"

means such date from time to time as provided for in a Development Appraisal when works are expected to commence on the Site that is used to estimate costs.

2. Monthly Updates to the Cost-to-Complete Review

Cost-to-Complete Review will be updated monthly and included in the Interim Reports and will include the Updated Programme Budget which will be an update Initial Programme Budget as defined below:

"Updated Programme Budget"

means the Initial Cash Flow Statement and Development Costs as set out in the Original Development Appraisal updated by the borrower and Confirmed by the Cost Consultant, and confirming the actual start on

site date, presenting the cost performance of each site and including:

1) Actual Construction Costs against Programme:

the Actual Construction Cost-to-Date for each period (as set out in the Initial Programme Budget) compared against Day One Target Construction Cost for each period (as set out in the Initial Programme Budget); and

2) Actual Development Costs against Programme

the Actual Development Cost-to-Date for each period (as set out in the Initial Programme Budget) compared against the Day One Target Development Cost for each period (as set out in the Initial Programme Budget); and

3) Estimated completion date

the Current Estimated Completion Date; and

4) Estimated Construction Costs

the Total Estimated Construction Costs to achieve Development Practical Completion by the Current Estimated Completion Date; and

5) Estimated Development Costs

Total Estimated Development Costs to achieve Development Practical Completion by the Current Estimated Completion Date; and

6) Observations

Observations and assumptions of factors that may cause the **Total Estimated Construction Costs**, **Total Estimated Development Costs** or **Current Estimated Completion Date** to exceed their more recent updated estimations.

7) Disputes

Notification of any material pay-less notices, threatened or

pending claims by members of the supply chain with a value over £10,000.

Further Definitions

"Actual Construction Cost-to-date"	means the supply chain construction costs incurred as allowable costs, or as otherwise calculated by the Cost Consultant, in the development of the Site;
"Actual Development Cost-to-Date"	means the supply chain construction costs, overheads, development management costs and marketing costs incurred as Allowable Costs in the development of the Site;
"Current Estimated Completion Date"	means the most probable date when the Development Practical Completion will be achieved and all Homes on the Site would be completed to the Site Specification Standard and a standard to achieve NHBC certification as estimated by the Cost Consultant owing a duty of care to the JVCO.
"Total Estimated Construction Costs"	means being the supply chain construction costs the Cost Consultant, owing a duty of care to the JVCO, estimates are required to complete the development of the Site, achieving the Development Practical Completion and NHBC Certification on all Homes, by the Day One Target Completion Date (to the extent it is appropriate or logical to calculate), and the Current Estimated Completion Date;
"Total Estimated Development Costs"	means the supply chain construction costs, overheads and marketing costs confirmed as adequate by the Cost Consultant, to complete the development of the Site, achieving the Development Practical Completion and NHBC certification on all Homes, by the Day One Target Completion Date (to the extent it is appropriate or logical to calculate), and the Current Estimated Completion Date.

Schedule 2

Health & Safety Competence for Monitoring Surveyors undertaking H&S Checks

Competencies – Experience and Qualifications
<p>Professionally qualified safety practitioner Chartered Member (CMIOSH); or Graduate member of IOSH (Grad IOSH) or Technician Member (Tech IOSH) working under the supervision / direction of Chartered Member (CMIOSH).</p> <p>Experience of working in a construction related field of work or in a construction related discipline with extensive experience and knowledge of the Construction Design and Management (CDM) Regulations.</p> <p>Desirable qualifications / training including NEBOSH Construction Cert, APS, SMSTS, SSSTS; Construction Managers. Demonstratable CPD.</p>

Notes

1. IOSH – Institution of Occupational Safety & Health.
2. SMSTS - Site Management Safety Training Scheme Certificate of training (37.5hrs)
3. SSSTS – Two-day CITB Site Safety Plus Accredited Site Supervisor Safety Training Scheme for the construction site supervisor
4. Construction Manager- Experienced in planning, managing and co-ordinating construction workers and construction works on site.
5. Demonstrable CPD – Having demonstrated a continuous 12 months of CPD in construction site layout, works planning and construction site safety principles.