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## Variations to scope of work

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It is usual practice for the project design to be finalised and agreed before tenders are obtained or a building contract is signed. The advantage of this is that the owner knows what they are entitled to expect; contractors know what they are to provide and a lump-sum price can be set. However, it is almost inevitable that there will be changes to the original scope of work. For this reason most building contracts allow for variations and adjustments to the lump-sum price.

### What is a variation?

A variation is a change in the type, extent or quality of work being undertaken. Most building contracts allow for variations where changes to the physical building works are required. It is quite usual for circumstances to change or for something minor to be overlooked in the contract and this will usually result in a variation. Variations usually result in changes to the cost and/or the time required to complete a project.

### Why are variations necessary?

Sometimes variations have to be made. This may be because something is found on site after construction begins which was concealed or which could not reasonably have been expected given the available information at the time of tender. For example, if rock is discovered when the footings are being excavated, it will increase the cost of excavation and may delay progress. Another cause of a variation might be the need to do something that was not expected but is now required by a local authority. At other times you may simply change your mind when you view the developing construction site.

### If I change my mind, can I order a variation?

Most building contracts allow the owner, through the architect (in architect administered contracts), to request changes that may result in variations, but it is a power that should be used with care.

Variations usually cost money. They often extend the building time and they can be the cause of disagreements between the owner and the contractor. Even a seemingly simple change such as relocating a door can result in an increase in cost and an extension of time, particularly if the door has already been partially or fully constructed. For this reason, it is advisable to try to finalise all aspects of the design before tenders are called. If this is not possible, you should prepare for likely variations by allocating funds for this possibility.

### Contingency sums

Your architect may recommend that the tender documents include a contingency sum, usually equal to 5% to 10% of the total cost of the work and sometimes more for renovation projects. This sum of money can only be used with your approval, when variations become necessary or are requested.

The contingency sum can be included in the contract and on completion the unused part of the money will be deducted from the final payment to the contractor. Alternatively, the contingency sum need not necessarily be declared to the contractor, but should still form part of your overall project budget.

### How are variations dealt with?

Most building contracts include a procedure for variations. If a variation is necessary you should request and authorise it through your architect. Usually your architect will obtain a quotation for the work from the contractor before the variation proceeds. In this way, the cost and time implications of the variation can be understood before the change is approved.

As it is not always possible to agree on the cost of a variation immediately, most contracts allow you to order a variation and have your architect determine a fair price later. However in some states and territories and particularly in the case of domestic building contracts, legislation requires that in most circumstances the costs associated with variations be agreed and approved in writing before the work is

undertaken.

### **In summary**

Occasionally variations cannot be avoided and at other times they are desirable. Before you agree to a variation or before you order one you need to know the estimated cost and time implications. Your architect is required to process variations in accordance with the terms of the contract and relevant state or territory legislation.

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