

Knowledge Exchange Note: #003

Date: 16/07/2021

Contractor Management

This knowledge exchange note is shared in order to promote learning and improve safety. You should seek appropriate guidance regarding the relevance, accuracy, and completeness of this alert to your circumstances prior to implementation.

Themes

People – Management of Contractors

Summary of Query

Following a review of the Grenfell report *Building a Safer Future Independent Review of Building Regulations and Fire Safety: Final Report* the PSF has created this Knowledge Exchange to raise awareness of the need to ensure that roles and responsibilities are clearly defined when engaging with third parties.

Management of contractors is a large topic which covers many areas, with significant guidance and standards available across multiple sectors. The purpose of this knowledge exchange is to highlight key areas and provide signposting to further reading.

Response

The PSF learning brief on [lessons from the Grenfell Tower accident](#) highlighted that the Kensington and Chelsea Tenants Management Organisation hired the construction firm Rydon as the lead contractor on the refurbishment project, and numerous other contractors and sub-contractors were involved in separate elements of the refurbishment and supply of materials. Cladding and fire doors used in Grenfell Tower were subject to testing and certification. However, the independent public inquiry established that the cladding failed to meet Building Regulations, and some fire doors failed to meet the required performance standard of 30 minutes for fire resistance. The report summarised that there is a need for clearer accountability over who is responsible for building safety during the construction, refurbishment and on-going management [of high-rise buildings].

The Buncefield explosion and fires in 2005 also reflected these findings, highlighting the importance of clearly identifying the roles and responsibilities of all those involved in managing, performing, or verifying work in the management of major hazards, including contractors.

Other relevant incidents include:

- [Xcel Energy Hydroelectric Plant Penstock Fire \(October 2007\) 5 fatalities and 3 injuries](#)
- [Donaldson Enterprises Fireworks Disposal Explosion and Fire \(April 2011\) 5 fatalities and 1 injury](#)

Any business which has a major accident hazard potential should promote and ensure that it maintains its role as an intelligent customer. The Health and Safety Executive publication [Human Factors: Intelligent customer capability](#) defines this as 'The capability of the organisation to have a clear understanding and knowledge of the product or service being supplied'.

Businesses should have oversight of all contracted activities which have the potential to impact their operations, not only in terms of the services being delivered but also the competency of the personnel who are delivering them. For safety systems this forms a requirement of the [standards](#) which are used to manage the design, implementation and operation of these systems.

Best Practice

A business should understand the products or services being supplied to them and ensure that the people delivering those products or services are competent to do. This involves three key areas of active contractor management:

1. Ensure the competence of contractors to deliver the contracted service or product:

Form good relationships with contractors and seek to understand the management systems which they employ. Consider developing contractor engagement plans which clearly set out planned work, competency requirements and responsibilities.

When procuring systems or services that have the potential to impact safety, it is critical that the impact that these services or systems could have is understood and documented. This should form part of the contract management.

Provide training to relevant employees on contract management and ensure that they have the necessary skills to understand the products or services being delivered. Ensure that any third parties engaged also have a sufficient level of competence and practical application of the products or services being provided.

2. Ensure that contractors can deliver the product or service or safely at the chosen location:

Any contractors working on site must also be suitably trained in any relevant site procedures and practices.

Consider treating contractors as partners in the business – receiving the same quality and safety training as employees, involving them in improvement activities, and sharing best practice and knowledge.

3. Ensure that the contract and Contract Management System is helpful in delivery of good contract performance:

Ensure that a suitable Contractor Management System is developed and in place (refer to further reading for referenced good practice).

Ensure that the management of contractors is not over-complicated. Some businesses may find benefit in the use of accredited external safe contractor schemes.

Consider embedding contractor management as part of the initial procurement process – ensuring that the necessary competencies are present internally and specified and demonstrated externally.

Seek assurance of commitment and compliance as part of any selection process.

When managing limited resources, a risk-based approach to resource allocation is critical in managing safety. This approach is same when managing and engaging with contractors. Identification of the hazards associated with the contract, understanding what could go wrong, and prioritising those with the highest risks can deliver most efficient use of resources. The one exception to this is where contracts are awarded to risk management specialists who help identify and analyse hazards at the facility. This contract forms the foundation of other decisions and so although the outcome of the contract is unlikely to have significant consequences, it could potentially impact decision making later.

The aim of good contractor management is to ensure that all those involved within the supply chain understand their responsibilities, communicate effectively and accurately and have the necessary competency to safely execute the tasks that they are assigned and that the tasks delivered achieve the objective defined in the contract.

Further reading

Energy Institute [Process safety management framework element 18: Contractor and supplier selection and management](#)

Institute of Nuclear Power Operators INPO 14-005 [Principles for Excellence in Nuclear Supplier Performance](#)

Health and Safety Executive – [Human Factors: Intelligent customer capability](#)

Process Safety Forum [Learning Brief 018, Lessons from the Grenfell Tower Accident](#)

Process Safety Leadership Group Final Report [Part 5 Operating with high reliability organisations](#)

Chemical and Downstream Oil Industries Forum [The use of external contractors in the management of ageing plant](#)

The Process Safety Forum has been set up to provide an industry association platform whereby initiatives, best practice, lessons from incidents and process safety strategy can be distilled and shared across sectors, to influence our stakeholders (including the Regulators), and to drive the process safety management agenda. The Process Safety Forum consists of representatives from across industry, refer to the website for details

The website is www.p-s-f.org.uk.