NEC4 · CLAUSE 63 · THE MONEY LIMB

CE Quotation Pricing

A compensation event quotation has two limbs, time and money. The money limb is the one most contractors price worst, and the forecast you agree is the one you live with. Work down these checks before the quotation is served, not after it is implemented.

1 Decide the basis before you price anything

- ☐ **Defined Cost or agreed rates decided deliberately**, not by reflex, on this event.
- ☐ **Where rates are used, the agreement is confirmed in writing** under clause 63.2, before the quotation is built.
- ☐ **Both routes tested on the numbers before you choose**, so you know which one leaves you whole on this change.
- ☐ **Omitted work priced at its Defined Cost**, not at its tendered price, unless rates were agreed.

State it: *the basis used on this event, and the clause 63.2 agreement reference where rates were agreed.*

2 Build and substantiate the Defined Cost

- ☐ **Every component priced from the Schedule of Cost Components**, Short Schedule on Options A and B, full Schedule on C, D and E.
- ☐ **People, Equipment, Plant and Materials, subcontractors and charges each addressed**, not rolled into a lump.
- ☐ **Subcontract cost evidenced, not assumed**, and the subcontract obliges the same substantiation you will be asked for.
- ☐ **Actual cost used up to the dividing date, forecast beyond it**, with the dividing date taken from the contract, not chosen.

State it: *the dividing date for this event and the split between actual and forecast Defined Cost.*

3 Apply the Fee, and recover through it

- ☐ **The correct fee percentage applied**: subcontracted work and other work carry separate percentages.
- ☐ **Off-site overhead and profit recovered through the Fee**, not forgotten because they are not in Defined Cost.
- ☐ **People whose normal place of work is outside the Working Areas** treated as Fee, not as Defined Cost.
- ☐ **Where the fee percentage was tendered thin, the Defined Cost build-up carries the recovery**, because the percentage is fixed for the job.

State it: *the fee percentage used and the Defined Cost it is applied to.*

The event is valid and the money is due. It is lost in how the quotation is built.

4 Price the time, not only the work

- [ ] **Delay to planned Completion assessed from the Accepted Programme** at the dividing date.
- [ ] **Prolongation priced**: preliminaries, site team, supervision, accommodation and time-related plant for the extended period.
- [ ] **The delay analysis and the cost build-up done together**, not in separate files by separate people.
- [ ] **Disruption priced where the change alters how the remaining work is carried out**, not only the delay to Completion.

State it: *the time effect in weeks and the time-related cost that follows from it.*

5 Complete the forecast before it becomes final

- [ ] **Risk allowances included under clause 63.8** for matters with a significant chance of occurring that are at your risk.
- [ ] **The forecast is complete, because it will not be revisited** once the event is implemented.
- [ ] **Nothing in the build-up invites stripping**: the assessment assumes costs reasonably incurred and a competent, prompt reaction.
- [ ] **Disallowed Cost discipline checked on Options C, D and E**, where a disallowed pound can cost more than a pound through the share.

State it: *the risk allowance included and the basis for it, in one line per item.*

Before the quotation goes in

Once it is implemented, the number is the number.

- [ ] Every figure is evidenced well enough to survive a project manager stripping what cannot be shown.
- [ ] The Fee and the prolongation are both in, not only the visible direct cost of the change.
- [ ] If this is accepted as submitted, the change leaves the business whole.

Quotation being built now, or events stalled in revision? We will review where the time and the money are exposed before it goes in.

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