MAGNITUDE

A presentation of a Quantity Surveyor's view of how members of the FMB can win more work through the tendering process.

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01 Introduction

Who are Magnitude?

“Magnitude is an award-winning Chartered Quantity Surveying firm that has established a reputation for delivering high-quality services to its clients. With a team of experienced and skilled professionals, we offer a range of services including cost management, contract administration, and project management.”

What do we do?

ESTIMATING

CONTRACTOR'S QUANTITY SURVEYING

BILL OF QUANTITIES PRODUCTION

EMPLOYER'S AGENT & CONTRACT ADMINISTRATION

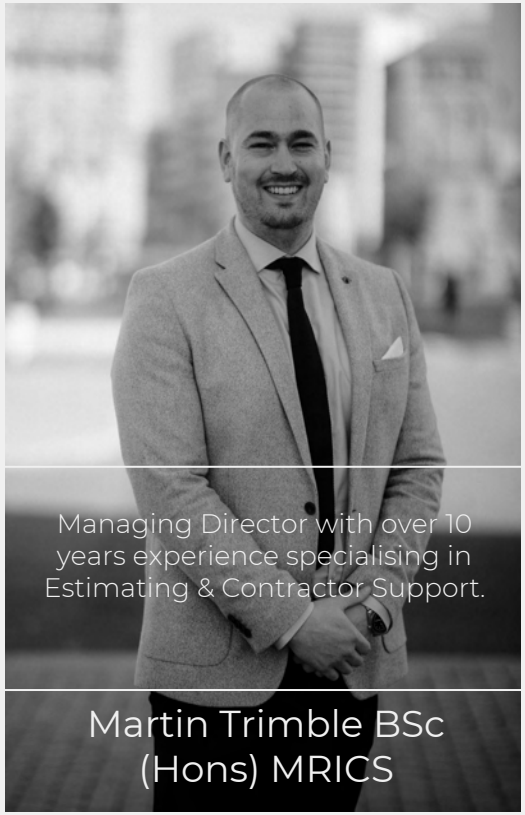
FUND & BANK MONITORING

CONSTRUCTION CLAIMS & DISPUTE RESOLUTION

PROFESSIONAL QUANTITY SURVEYING


WREXHAM
INDUSTRIAL ESTATE

Who are we?


Managing Director with over 10 years experience specialising in Estimating & Contractor Support.
Martin Trimble BSc (Hons) MRICS

Objectives 02

Today's Objectives:

- Understanding the tender process.
- How to prepare a pricing document.
- How to calculate Overheads and Profit.
- What to price and when to price.
- How to mitigate risk and protect against non-payment.
- What does a Quantity Surveyor look for in a pricing document when advising a Client.

For the purpose of the presentation and for context it is assumed that schemes will not exceed £150,000 in Construction Value and typical projects are domestic extensions and alterations.


Procurement
and
Tendering
03

Procurement

The overall act of obtaining goods and services from external sources (ie: a building contractor) and includes deciding the strategy on how those goods are to be acquired by reviewing the client's requirements (i.e. time, quality and cost) and their attitude to risk.

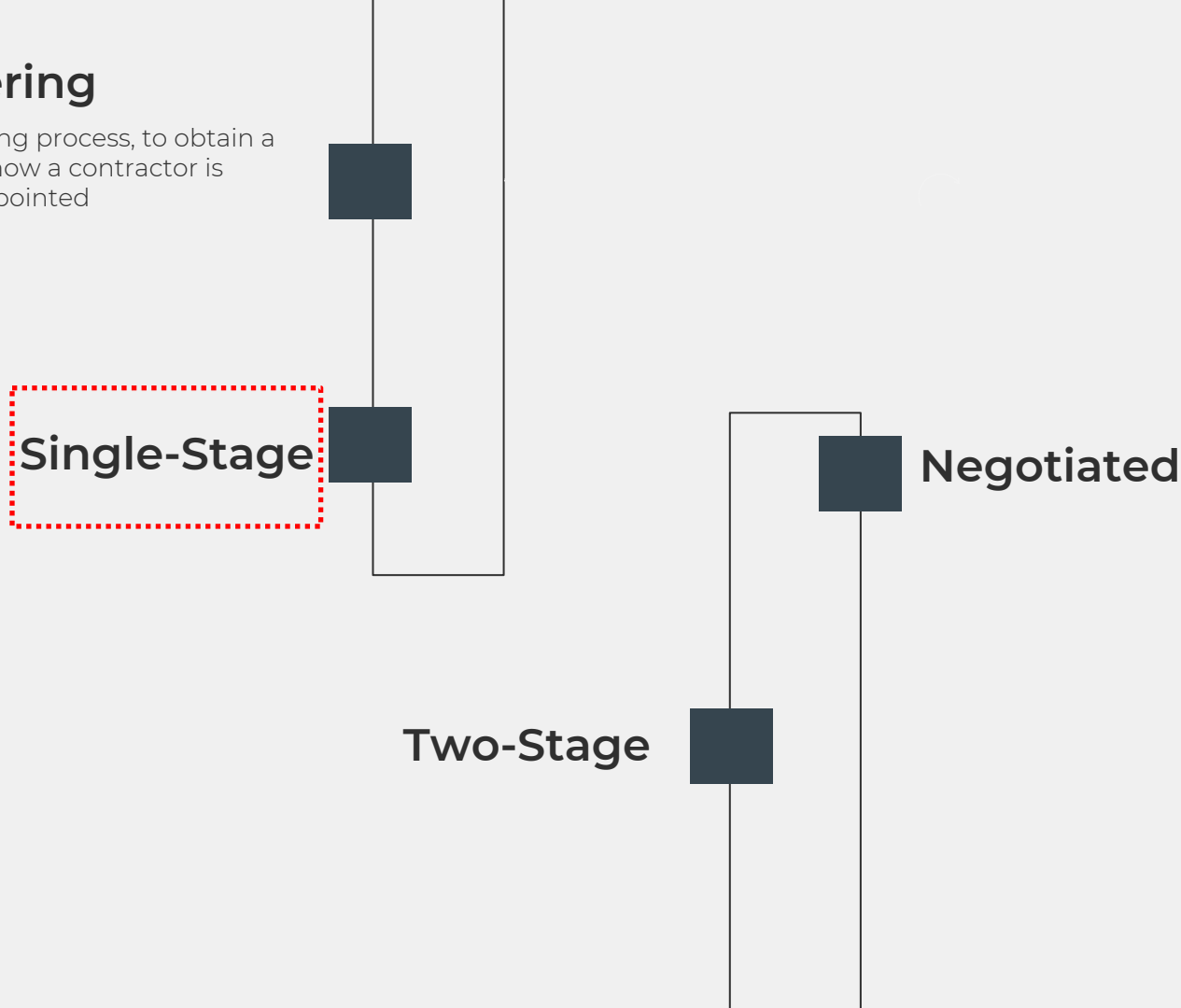
Traditional

Cost Plus

Design and Build

Tendering

is the bidding process, to obtain a price; and how a contractor is actually appointed



What to look for in a tender pack?

1. Drawings and Specification

a.) Are the drawings to building control specification?

b.) Is there a specification determining what materials to use?

c.) Are there structural engineers drawings available?

2. Planning Documentation

a.) Does the scheme have planning, or is subject to planning?

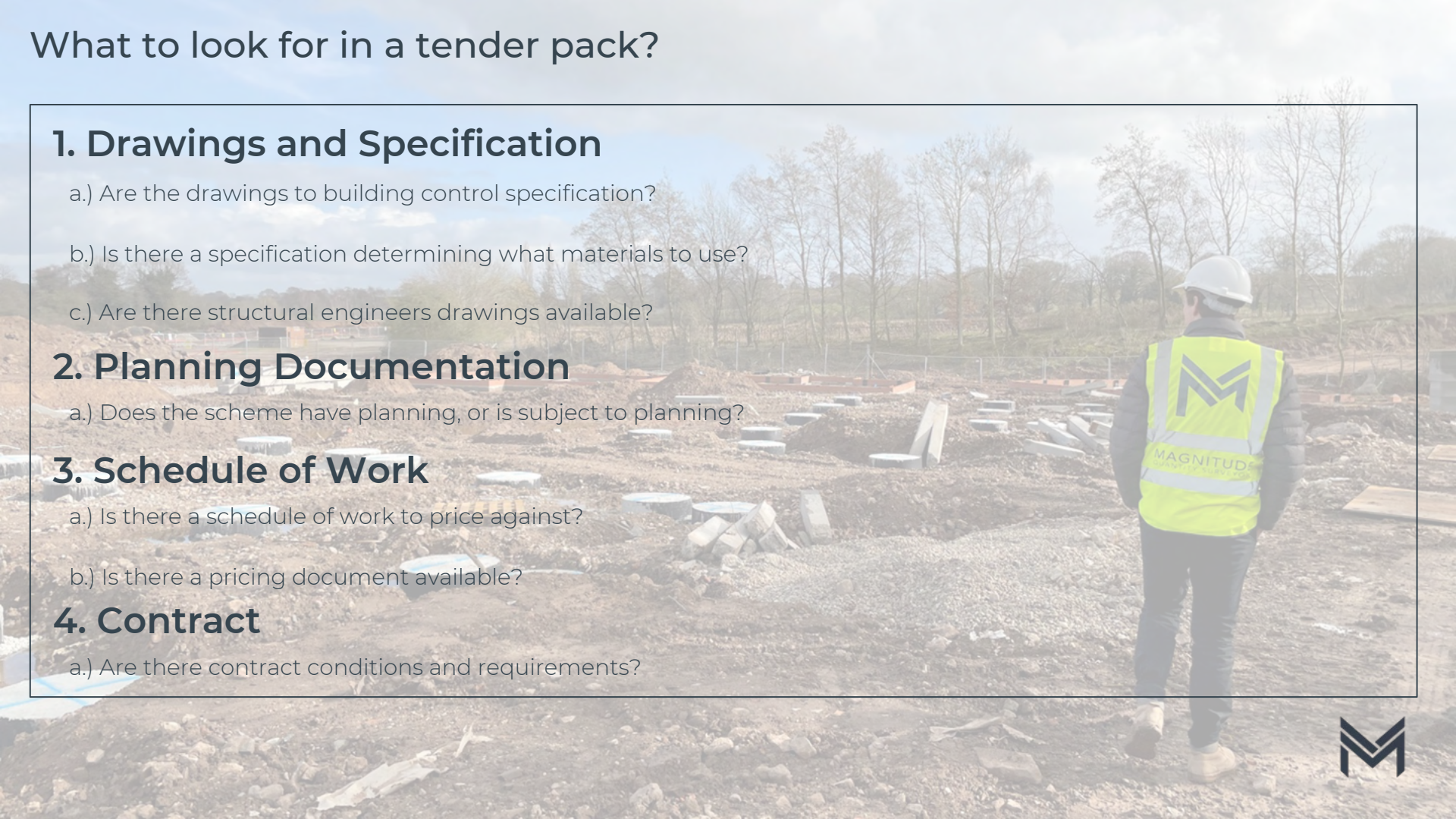
3. Schedule of Work

a.) Is there a schedule of work to price against?

b.) Is there a pricing document available?

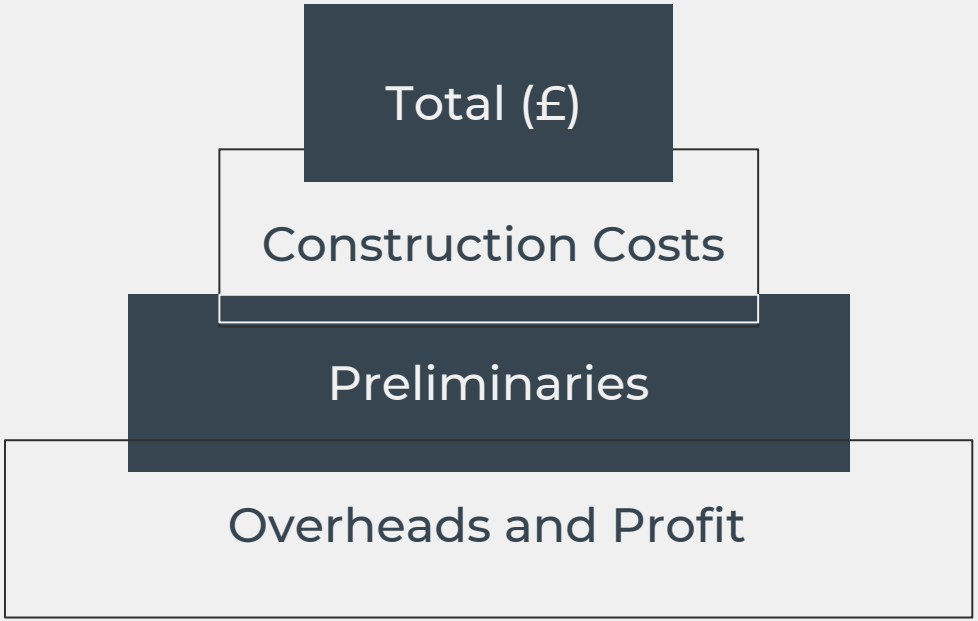
4. Contract

a.) Are there contract conditions and requirements?



04 The Pricing Document

The pricing document.



Example Summary

Example - New Build Home
Example Address EX14 M73

Stage 2 - Cost Planning

1.0 Executive Summary

This Cost Plan is for the construction of new build, six bedroom detached dwelling. The proposed scheme compromises of the clearance of the existing site and construction of the new proposed dwelling over three-stories; including associated external works and drainage. The costs in this report are based on the design information in Section 4.0 and the pricing notes, assumptions and exclusions listed in Section 3.0. The anticipated cost for the scheme is **£4,346,587 exc VAT.**

Construction Costs

Example House Costs, Construction	GIA	10,362 sq. ft @ £	277	£2,866,389
Allowance for External Works		10,362 sq. ft @ £	48	£494,349
Allowance for Drainage		10,362 sq. ft @ £	5	£50,000
Incoming Services (Gas / Electric / Water / BT)		10,362 sq. ft @ £	1	£14,250
Total Construction Costs	**GIA**	**10,362 sq. ft @ £**	**331**	**£3,424,988**
Preliminaries @ 12%				£411,000
Nett Total	**GIA**	**10,362 sq. ft @ £**	**370**	**£3,835,988**
Main Contractor's Overheads & Profit @ 10%				£384,000
Total Excluding Contingency	**GIA**	**10,362 sq. ft @ £**	**407**	**£4,219,988**
Employer Contingency Allowance @ 3%				£126,600
Overall Development Cost including Employer Contingency	**GIA**	**10,362 sq. ft @ £**	**419**	**£4,346,587**

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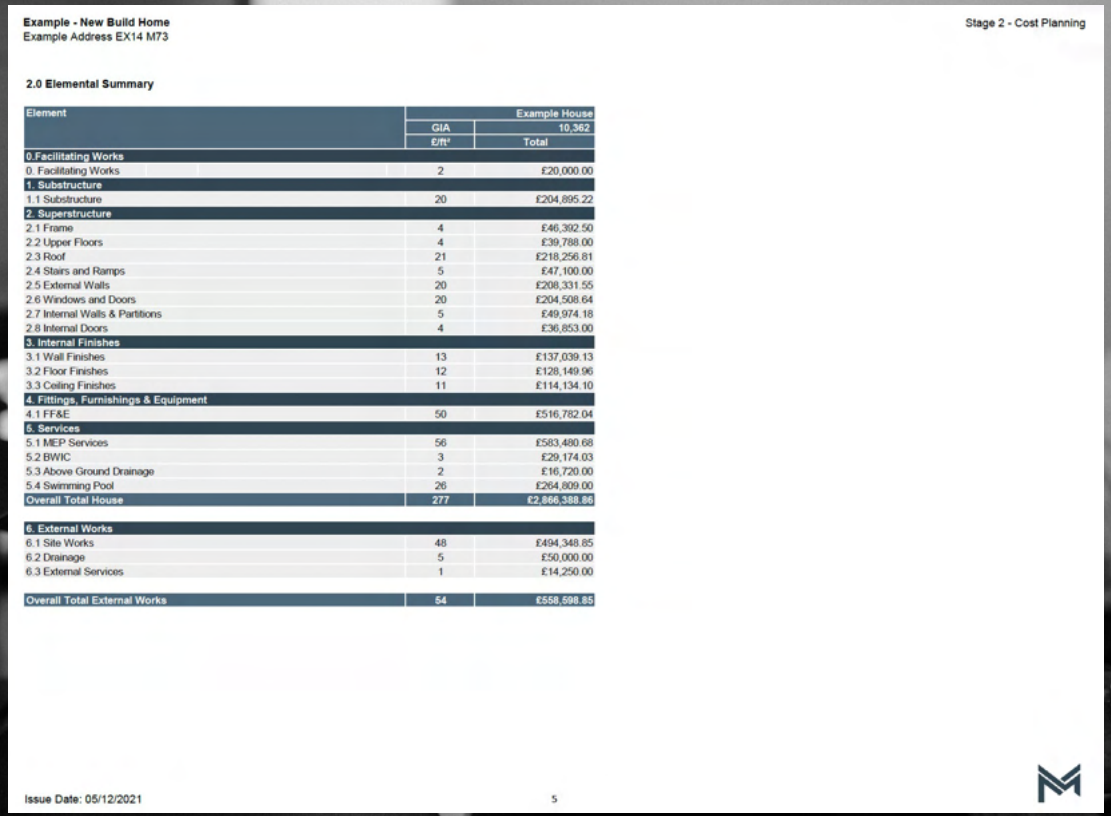
Example Elemental



Example - New Build Home
Example Address EX14 M73

Stage 2 - Cost Planning

2.0 Elemental Summary

Element		Example House
	GIA	10,362
	£/ft²	Total
0.Facilitating Works		
0. Facilitating Works	2	£20,000.00
1. Substructure		
1.1 Substructure	20	£204,895.22
2. Superstructure		
2.1 Frame	4	£46,302.50
2.2 Upper Floors	4	£39,788.00
2.3 Roof	21	£218,256.81
2.4 Stairs and Ramps	5	£47,100.00
2.5 External Walls	20	£208,331.55
2.6 Windows and Doors	20	£204,508.64
2.7 Internal Walls & Partitions	5	£49,974.18
2.8 Internal Doors	4	£36,853.00
3. Internal Finishes		
3.1 Wall Finishes	13	£137,039.13
3.2 Floor Finishes	12	£128,149.96
3.3 Ceiling Finishes	11	£114,134.10
4. Fittings, Furnishings & Equipment		
4.1 FF&E	50	£516,782.04
5. Services		
5.1 MEP Services	56	£583,480.68
5.2 BWIC	3	£29,174.03
5.3 Above Ground Drainage	2	£16,720.00
5.4 Swimming Pool	26	£264,809.00
Overall Total House	**277**	**£2,866,388.86**
6. External Works		
6.1 Site Works	48	£494,348.85
6.2 Drainage	5	£50,000.00
6.3 External Services	1	£14,250.00
Overall Total External Works	**54**	**£558,598.85**

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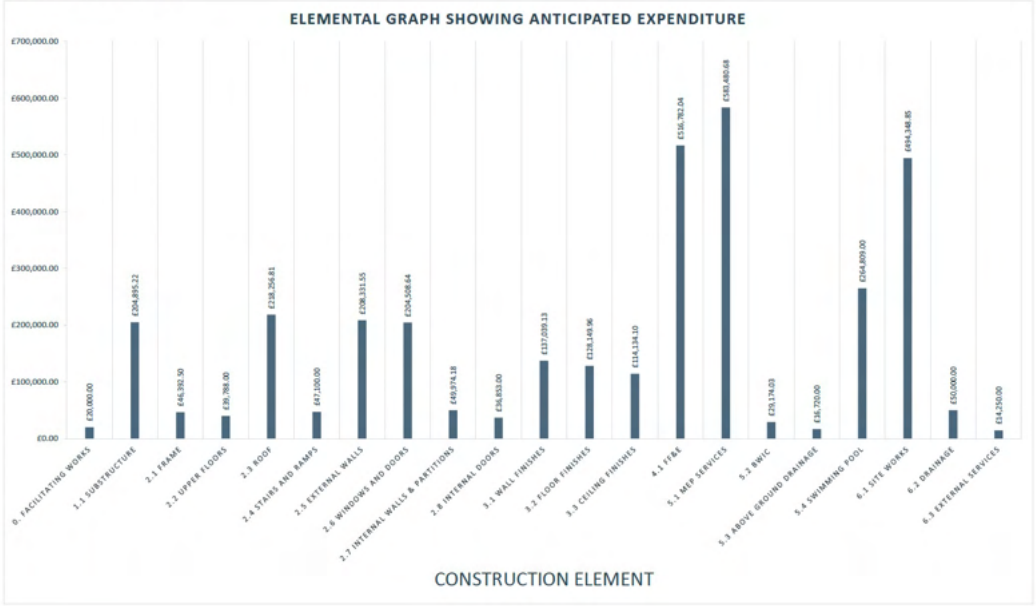
Example Graph

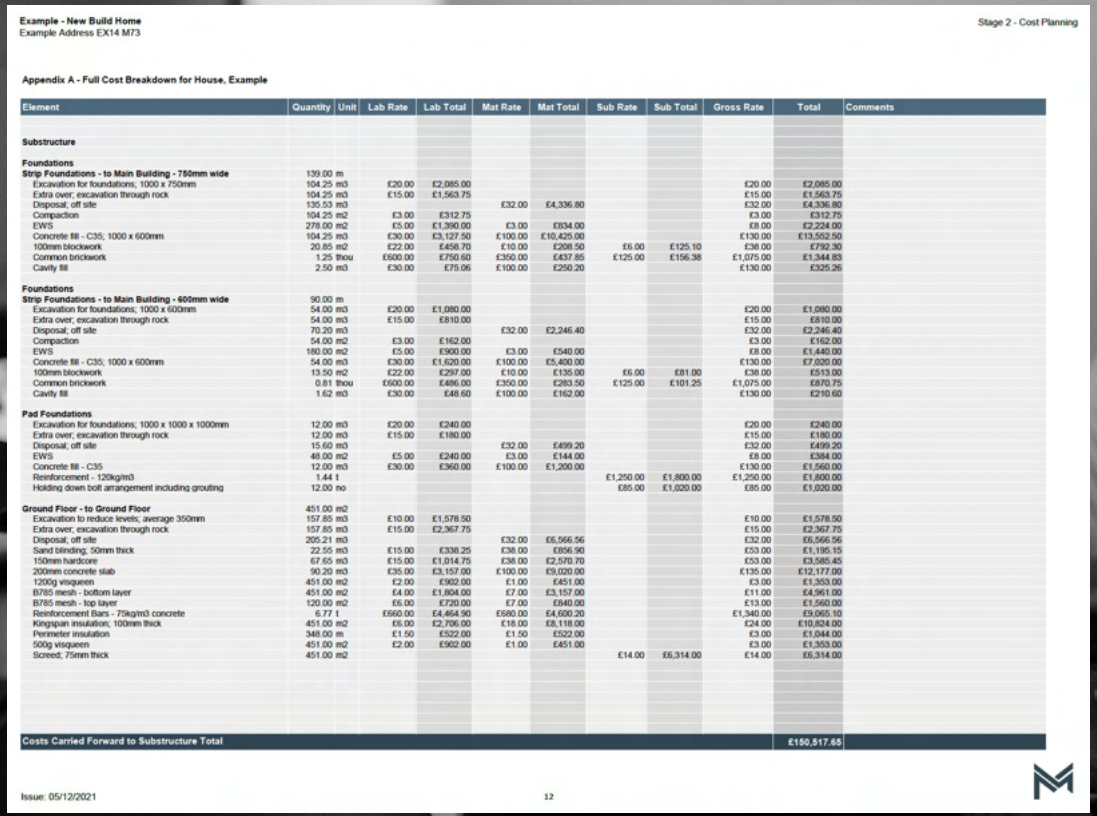
Example - New Build Home
Example Address EX14 M73

Stage 2 - Cost Planning

2.1 Elemental Summary Graphics



Example Breakdown



Example - New Build Home
Example Address EX14 M73

Stage 2 - Cost Planning

Appendix A - Full Cost Breakdown for House, Example

Element	Quantity	Unit	Lab Rate	Lab Total	Mat Rate	Mat Total	Sub Rate	Sub Total	Gross Rate	Total	Comments
Substructure											
Foundations											
Strip Foundations - to Main Building - 750mm wide	139.00	m									
Excavation for foundations; 1000 x 750mm	104.25	m3	£20.00	£2,085.00					£20.00	£2,085.00	
Extra over; excavation through rock	104.25	m3	£15.00	£1,563.75					£15.00	£1,563.75	
Disposal; off site	135.53	m3			£32.00	£4,336.80			£32.00	£4,336.80	
Compaction	104.25	m2	£3.00	£312.75					£3.00	£312.75	
EWS	278.00	m2	£5.00	£1,390.00	£3.00	£834.00			£8.00	£2,224.00	
Concrete fill - C35; 1000 x 600mm	104.25	m3	£30.00	£3,127.50	£100.00	£10,425.00			£130.00	£13,552.50	
100mm blockwork	20.85	m2	£22.00	£458.70	£10.00	£208.50	£6.00	£125.10	£38.00	£792.30	
Common brickwork	1.25	thou	£600.00	£750.60	£350.00	£437.85	£125.00	£156.38	£1,075.00	£1,344.83	
Cavity fill	2.50	m3	£30.00	£75.06	£100.00	£250.20			£130.00	£325.26	
Foundations											
Strip Foundations - to Main Building - 600mm wide	90.00	m									
Excavation for foundations; 1000 x 600mm	54.00	m3	£20.00	£1,080.00					£20.00	£1,080.00	
Extra over; excavation through rock	54.00	m3	£15.00	£810.00					£15.00	£810.00	
Disposal; off site	70.20	m3			£32.00	£2,246.40			£32.00	£2,246.40	
Compaction	54.00	m2	£3.00	£162.00					£3.00	£162.00	
EWS	180.00	m2	£5.00	£900.00	£3.00	£540.00			£8.00	£1,440.00	
Concrete fill - C35; 1000 x 600mm	54.00	m3	£30.00	£1,620.00	£100.00	£5,400.00			£130.00	£7,020.00	
100mm blockwork	13.50	m2	£22.00	£297.00	£10.00	£135.00	£6.00	£81.00	£38.00	£513.00	
Common brickwork	0.81	thou	£600.00	£486.00	£350.00	£283.50	£125.00	£101.25	£1,075.00	£870.75	
Cavity fill	1.62	m3	£30.00	£48.60	£100.00	£162.00			£130.00	£210.60	
Pad Foundations											
Excavation for foundations; 1000 x 1000 x 1000mm	12.00	m3	£20.00	£240.00					£20.00	£240.00	
Extra over; excavation through rock	12.00	m3	£15.00	£180.00					£15.00	£180.00	
Disposal; off site	15.60	m3			£32.00	£499.20			£32.00	£499.20	
EWS	48.00	m2	£5.00	£240.00	£3.00	£144.00			£8.00	£384.00	
Concrete fill - C35	12.00	m3	£30.00	£360.00	£100.00	£1,200.00			£130.00	£1,560.00	
Reinforcement - 120kg/m3	1.44	t					£1,250.00	£1,800.00	£1,250.00	£1,800.00	
Holding down bolt arrangement including grouting	12.00	no					£85.00	£1,020.00	£85.00	£1,020.00	
Ground Floor - to Ground Floor	451.00	m2									
Excavation to reduce levels; average 350mm	157.85	m3	£10.00	£1,578.50					£10.00	£1,578.50	
Extra over; excavation through rock	157.85	m3	£15.00	£2,367.75					£15.00	£2,367.75	
Disposal; off site	205.21	m3			£32.00	£6,566.56			£32.00	£6,566.56	
Sand blinding; 50mm thick	22.55	m3	£15.00	£338.25	£38.00	£856.90			£53.00	£1,195.15	
150mm hardcore	67.65	m3	£15.00	£1,014.75	£38.00	£2,570.70			£53.00	£3,585.45	
200mm concrete slab	90.20	m3	£35.00	£3,157.00	£100.00	£9,020.00			£135.00	£12,177.00	
1200g visqueen	451.00	m2	£2.00	£902.00	£1.00	£451.00			£3.00	£1,353.00	
B785 mesh - bottom layer	451.00	m2	£4.00	£1,804.00	£7.00	£3,157.00			£11.00	£4,961.00	
B785 mesh - top layer	120.00	m2	£6.00	£720.00	£7.00	£840.00			£13.00	£1,560.00	
Reinforcement Bars - 75kg/m3 concrete	6.77	t	£660.00	£4,464.90	£680.00	£4,600.20			£1,340.00	£9,065.10	
Kingspan insulation; 100mm thick	451.00	m2	£6.00	£2,706.00	£18.00	£8,118.00			£24.00	£10,824.00	
Perimeter insulation	348.00	m	£1.50	£522.00	£1.50	£522.00			£3.00	£1,044.00	
500g visqueen	451.00	m2	£2.00	£902.00	£1.00	£451.00			£3.00	£1,353.00	
Screed; 75mm thick	451.00	m2					£14.00	£6,314.00	£14.00	£6,314.00	
Costs Carried Forward to Substructure Total										**£150,517.65**	

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What to think about when pricing a job?

- How much are you paying your tradespeople?
- Can you obtain quotes from specialist supply chain?
- How much Overheads and Profit should you apply?
- How much management and on costs are required to run a successful project? I.e. Preliminaries
- How do you price risk items? I.e. Provisional Sums
- Qualifications and Exclusions
- How do you present your pricing document to the Client?
- What opportunities does your pricing document present in the post contract phase?

Overhead and Profit

A useful link on how to calculate true Overheads and Construction Profit

https://hubstaff.com/workforce-management/calculate-construction-overhead-profit

Recently Tendered OHP Rates:

Type: Residential Extensions & Refurbishments

Project Value: £5m + VAT

Location: Wimbledon

Overheads & Profit: 10%

Type: Residential Extensions & Refurbishments

Project Value: £225,000 + VAT

Location: St Helens

Overheads & Profit: 15%

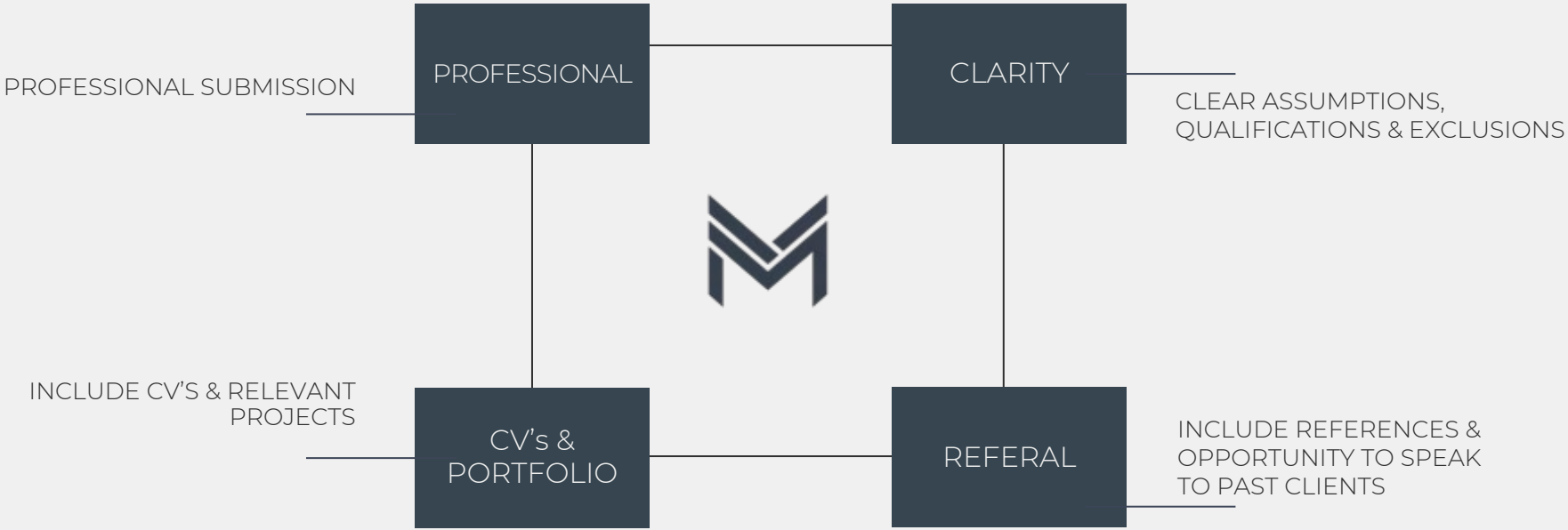
Pricing Options

YOURSELF

PRICING SOFTWARE

PROFESSIONAL CONSULANTS

What we think would increase probability of winning more work.



Increasing opportunities:

- Approach local Architects and establish relationships.
- Approach local Quantity Surveyors and establish relationships.
- Referrals and Word of Mouth.
- Associations such as the FMB.
- Professional Websites and social media following.
- Maintain a healthy balance sheet.
- Chartered Status such as the Chartered Institute of Building, increasing trust in your profession.

05 What and when to price?

Questions to ask when deciding to tender a project...

HOW MANY TENDERING?

How many contractors are pricing the scheme?

PLANNING

Does the scheme have planning, or require planning?

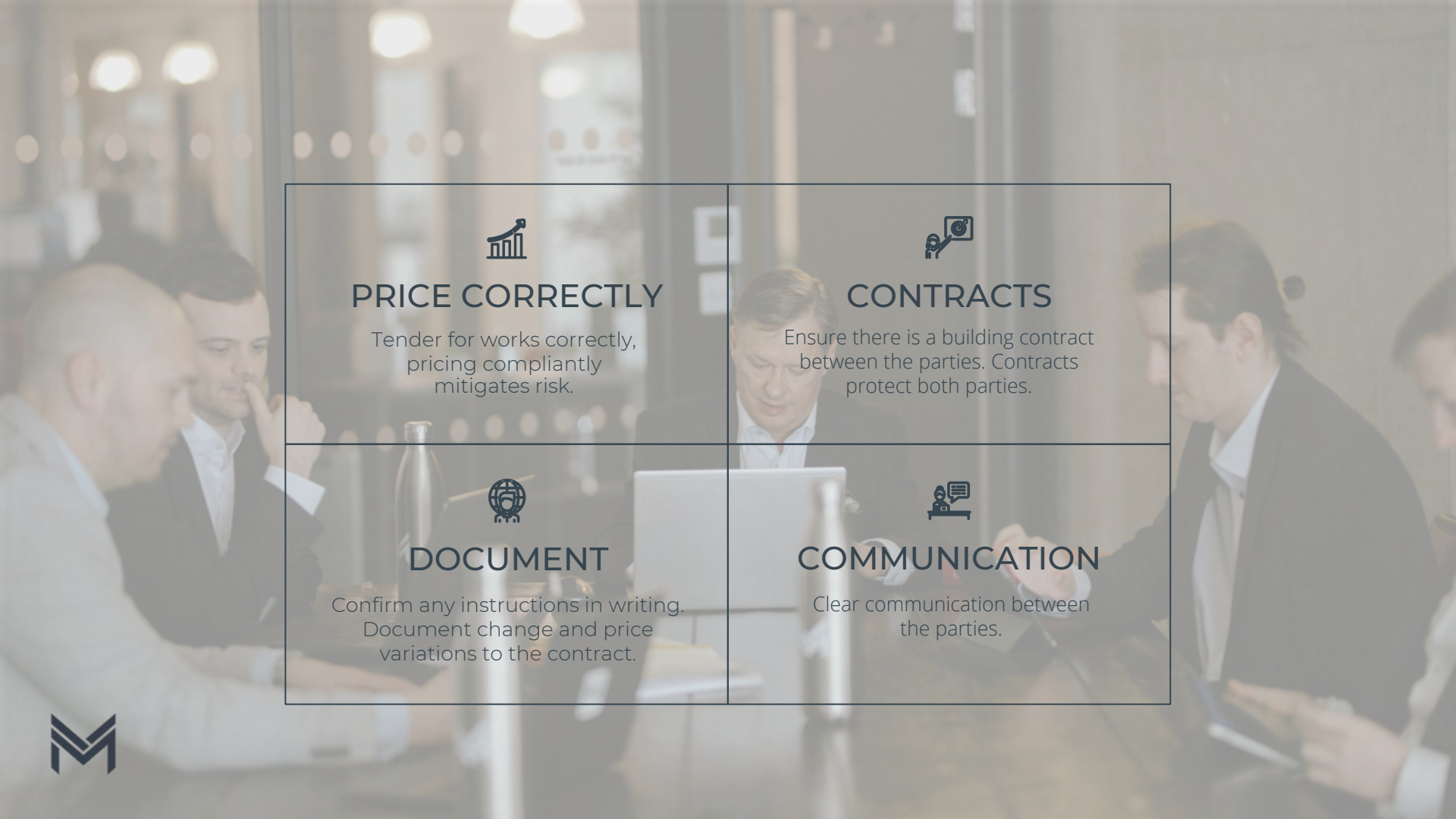
TENDER DOCUMENTS

Do you have tender documentation enabling fair analysis of contractors quotes?

SUITABLE EXPERIENCE

Do you have suitable experience for the project?

Protection 06



PRICE CORRECTLY

Tender for works correctly, pricing compliantly mitigates risk.

CONTRACTS

Ensure there is a building contract between the parties. Contracts protect both parties.

DOCUMENT

Confirm any instructions in writing. Document change and price variations to the contract.

COMMUNICATION

Clear communication between the parties.

Price Correctly

1. Provides confidence that you're entering into contract with a compliant bid. Increasing the chance of making the profit margin you anticipated.

2. Provides the benchmark to approach the supply chain. i.e. tender subcontract packages to increase margin percentage.

3. Provides the basis of what your price includes (if there is no clear schedule of work).

4. Provides a document to make payment applications from. Reducing the risk of conflict.

5. Provides the basis of claiming for variations to the contract scope.

6. No guess work.

Contracts

1. **1. Protects both parties** – A construction contract clearly outlines the responsibilities of all parties to ensure that no one is taken advantage of. It helps to ensure that all parties know exactly what is expected of them, and any potential disputes can be handled in a timely and fair manner.

2. **2. Defines the scope of work** – A construction contract also outlines the work that needs to be done and how it will be completed. This helps to ensure that all parties involved understand what is expected of them, and that any disputes can be quickly and easily resolved.

3. **3. Establishes payment expectations** – A construction contract also outlines the payment expectations of both the contractor and the client. This helps to avoid any potential problems that could arise if one party fails to pay the other in a timely manner.

4. **4. Prevents misunderstandings** – A construction contract also helps to prevent any misunderstandings that could arise between the contractor and the client. By clearly outlining the expectations of both parties, potential disputes can be quickly and easily resolved.

5. **5. Ensures quality of work** – A construction contract also helps to ensure that the work performed is of a high quality. By clearly outlining the expectations of both parties, the contractor can ensure that the client is satisfied with the quality of the work performed.

Document & Communication

1. Clear documentation and communication ensures that everyone involved in the project is on the same page and understands the goals, requirements, and expectations of the project.

2. Documentation and communication can help prevent costly mistakes due to misunderstandings.

3. Documentation and communication can help ensure that all legal requirements are met and that all parties involved are protected.

4. Documentation and communication can help to build trust among all stakeholders involved in the project.

5. Documentation and communication can help to streamline the project and make it more efficient by ensuring that everyone is aware of the progress and tasks that need to be completed.

6. Documentation reduces the likelihood of disputes and provides paper trails should a dispute arise.


07
Q & A


Thank You
Questions and Answers