



CLAIMS CLASS

MODULE 7

Financial Matters

VIDEO 1

Remeasurement, Omissions, Variations, Provisional Sums, Daywork

Clause 12 – Measurement and Evaluation (Red Book)

12.1 Works to be Measured

- The Works shall be measured and valued for payment in accordance with this Clause
- The Engineer shall:
 - Give notice when the Engineer requires any part of the Works to be measured
 - Prepare records of measurement
 - In the case that the Contractor disagrees with the records, review the records and either confirm or vary them

Clause 12 – Measurement and Evaluation (Red Book)

12.1 Works to be Measured

- The Contractor shall:
 - Assist the Engineer in making the measurement
 - Examine and agree the records with the Engineer and sign the same when agreed
 - In the case of disagreement with the records, give notice to the Engineer
- If the Contractor does not attend, or give notice of disagreement, the Engineer's records shall be accepted as accurate

Clause 12 – Measurement and Evaluation (Red Book)

12.2 Methods of Measurement

- Measurement shall be the net quantity of each item
- The method of measurement shall be in accordance with the Bill of Quantities or other applicable Schedules

Clause 12 – Measurement and Evaluation (Red Book)

12.3 Evaluation

- The Engineer shall agree or determine the Contract Price by measurement and evaluation at the Contract rates and prices
- A new rate or price shall be applied if:
 - The measured quantity of the item is changed by more than 10%
 - The change in quantity multiplied by the specified rate exceeds 0.01 % of the Accepted Contract Amount
 - The change in quantity directly changes the Cost per unit quantity of this item by more than 1%
 - This item is not specified as a "fixed rate item"

Clause 12 – Measurement and Evaluation (Red Book)

12.3 Evaluation

- The work is instructed as a Variation
- No rate or price is specified in the Contract for this item
- The item of work is not of similar character, or is not executed under similar conditions as any item in the Contract
- New rates or prices shall be derived from any relevant rates or prices in the Contract
- If no relevant rates or prices are available, the new rate or price shall be derived from the reasonable Cost of executing the work, plus reasonable profit
- The Engineer shall determine a provisional rate or price for the purposes of Interim Payment Certificates until matters are finalised

Clause 12 – Measurement and Evaluation (Red Book)

12.4 Omissions

- If the Contractor has incurred Cost associated with omitted work, the Contractor shall give notice and supporting particulars
- The Engineer shall agree or determine the Cost which shall be included in the Contract price

Clause 13 – Variations

13.1 Right to Vary

- Variations may be initiated by the Engineer at any time prior to issuing the Taking-Over Certificate, either by:
 - An instruction
 - By a request for a proposal
- The Contractor shall execute and be bound by each Variation
- Variations may include:
 - Changes to the quantities of work
 - Changes to the quality and other characteristics of work

Clause 13 – Variations

13.1 Right to Vary

- Changes to the levels, positions and/or dimensions
- Omission of any work unless it is to be carried out by others
- Additional work, Plant, Materials or services necessary for the Works
- Changes to the sequence or timing of the execution
- The Contractor shall not make any alteration and/or modification of the Permanent Works, unless and until the Engineer instructs or approves a Variation

Clause 13 – Variations

13.2 Value Engineering

- The Contractor may submit proposals for:
 - Acceleration
 - Reduction in cost to the Employer for execution, maintenance or operation
 - Improved efficiency or value
- If approved, the Contractor shall design any affected changes
- If the proposal results in a reduction in the contract value, the saving shall be shared 50/50
- The Engineer shall agree or determine the matters

Clause 13 – Variations

13.3 Variation Procedure

- If the Engineer requests a proposal, the Contractor shall:
 - If necessary, advise why he cannot comply
 - Provide a description of the proposed work to be performed
 - Provide a programme for its execution
 - Provide a proposal for any necessary modifications to the programme
 - Provide a proposal for evaluation of the Variation
 - Not delay any work whilst awaiting a response
 - Acknowledge receipt of Variation instructions

Clause 13 – Variations

13.3 Variation Procedure

- The Engineer shall:
 - Respond with approval, disapproval or comments
 - Issue instructions to execute Variations
- Variations shall be evaluated in accordance with Clause 12 (*Measurement and Evaluation*) (Red Book)
- The Engineer shall agree or determine the adjustment to the Contract Price (Yellow Book)

Clause 13 – Variations

13.5 Provisional Sums

- Provisional Sums shall only be used in accordance with the Engineer's instructions
- For each Provisional Sum, the Engineer may instruct:
 - Work to be executed by the Contractor and valued under Sub-Clause 13.3 (*Variation Procedure*)
 - Plant, Materials or services to be purchased by the Contractor, from a nominated Subcontractor

Clause 13 – Variations

13.5 Provisional Sums

- In the case of a nomination the Contractor shall be paid:
 - The actual amounts paid to the nominated subcontractor by the Contractor
 - A sum for overhead charges and profit, calculated at the percentage stated in the Schedules
 - If there is no such rate, the percentage rate stated in the Appendix to Tender shall be applied
- The Contractor shall, when required by the Engineer, produce quotations, invoices, vouchers, accounts or receipts in substantiation

Clause 13 – Variations

13.6 Daywork

- If a Daywork Schedule is not included in the Contract, this Sub-Clause shall not apply
- For work of a minor or incidental nature, the Engineer may instruct that a Variation shall be executed on a daywork basis
- The work shall be valued in accordance with the Daywork Schedule
- The Contractor shall:
 - Submit quotations to the Engineer before ordering goods
 - Submit invoices, vouchers and accounts or receipts

Clause 13 – Variations

13.6 Daywork

- Submit statements which include the details of the resources used in executing the previous day's work
- Submit priced statements of these resources
- The Engineer shall sign the Contractor's Daywork statements if correct

Clause 13 – Variations

13.7 Adjustments for Changes in Legislation

- The Contract Price shall be adjusted for any increase or decrease in Cost resulting from a change in legislation made after the Base Date
- If the Contractor suffers delay or incurs Cost as a result of change in legislation, he shall give notice and be entitled to an extension of time and the payment of Cost
- The Engineer shall agree or determine the matters

Clause 13 – Variations

13.8 Adjustments for Changes in Cost

- Only applicable if included in the Appendix to Tender
- Used in circumstances where the Employer wishes to reimburse the Contractor, or seek savings for changes in the cost of labour, equipment, Materials and the like
- Uses a complex formula including:
 - The estimated proportions of cost elements
 - Current cost indices
 - Base cost indices