PART 2: PRICING DATA

TSC3 Option A

Document reference	Title	No of pages
C2.1	Pricing assumptions: Option A	2
C2.2	The *price list*	**[●]**

C2.1 Pricing assumptions: Option A

1. How work is priced and assessed for payment

Clause 11 in NEC3 Term Service Contract (TSC3) core clauses and Option A states:

Identified and defined terms 11 11.2 (12) The Price List is the *price list* unless later changed in accordance with this contract.

(17) The Price for Services Provided to Date is the total of

- the Price for each lump sum item in the Price List which the *Contractor* has completed and
- where a quantity is stated for an item in the Price List, an amount calculated by multiplying the quantity which the *Contractor* has completed by the rate.

(19) The Prices are the amounts stated in the Price column of the Price List. Where a quantity is stated for an item in the Price List, the Price is calculated by multiplying the quantity by the rate.

This confirms that Option A is a priced contract where the Prices are derived from a list of items of service which can be priced as lump sums or as expected quantities of service multiplied by a rate or a mix of both.

2. Function of the Price List

Clause 54.1 in Option A states: “Information in the Price List is not Service Information”. This confirms that instructions to do work or how it is to be done are not included in the Price List but in the Service Information. This is further confirmed by Clause 20.1 which states, “The *Contractor* Provides the Service in accordance with the Service Information”. Hence the *Contractor* does **not** Provide the Service in accordance with the Price List. The Price List is only a pricing document.

3. Link to the *Contractor*’s plan

Clause 21.4 states “The *Contractor* provides information which shows how each item description on the Price List relates to the operations on each plan which he submits for acceptance”. Hence when compiling the *price list*, the tendering contractor needs to develop his first clause 21.2 plan in such a way that operations shown on it can be priced in the *price list* and result in a satisfactory cash flow in terms of clause 11.2(17).

4. Preparing the *price list*

Before preparing the *price list*, both the *Employer* and tendering contractors should read the TSC3 Guidance Notes pages 14 and 15. In an Option A contract, either Party may have entered items into the *price list* either as a process of offer and acceptance (tendering) or by negotiation depending on the nature of the *service* to be provided. Alternatively the *Employer*, in his Instructions to Tenderers or in a Tender Schedule, may have listed some items that he requires the *Contractor* to include in the *price list* to be prepared and priced by him.

It is assumed that in preparing or finalising the *price list* the *Contractor:*

- Has taken account of the guidance given in the TSC3 Guidance Notes relevant to Option A;
- Understands the function of the Price List and how work is priced and paid for;
- Is aware of the need to link operations shown in his plan to items shown in the Price List;
- Has listed and priced items in the *price list* which are inclusive of everything necessary and incidental to Providing the Service in accordance with the Service Information, as it was at the time of tender, as well as correct any Defects not caused by an *Employer's* risk;
- Has priced work he decides not to show as a separate item within the Prices or rates of other listed items in order to fulfil the obligation to complete the *service* for the tendered total of the Prices.
- Understands there is no adjustment to items priced as lump sums if the amount, or quantity, of work within that item later turns out to be different to that which the *Contractor* estimated at time of tender. The only basis for a change to the (lump sum) Prices is as a result of a compensation event.

4.1. Format of the *price list*

(From the example given in an Appendix within the TSC3 Guidance Notes)

Entries in the first four columns in the *price list* in section C2.2 are made either by the *Employer* or the tendering contractor.

If the *Contractor* is to be paid an amount for the item which is not adjusted if the quantity of work in the item changes, the tendering contractor enters the amount in the Price column only, the Unit, Expected Quantity and Rate columns being left blank.

If the *Contractor* is to be paid an amount for an item of work which is the rate for the work multiplied by the quantity completed, the tendering contractor enters the rate which is then multiplied by the Expected Quantity to produce the Price, which is also entered.

If the *Contractor* is to be paid a Price for an item proportional to the length of time for which a service is provided, a unit of time is stated in the Unit column and the expected length of time (as a quantity of the stated units of time) is stated in the Expected Quantity column.

C2.2 the *price list*

Bill of Quantities

Item No	Description	Unit	Qty	Rate	Amount
1	Safety File	No	1		

Item No	Resources	Unit	Hours for 5 Year	Rate	Amount
1	Project Manager (1No Off)	Hour	3456		
2	Supervisor (2No Off)	Hour	8736		
3	Mechanical Technician (4No Off)	Hour	17472		
4	Fitter (4No Off)	Hour	17472		
5	Fitter & Turner (6No Off)	Hour	26208		
6	CNC Technician (6No Off)	Hour	26208		
7	Pipe Fitter (4No Off)	Hour	17472		
8	Quality Controller (2No Off)	Hour	8736		
9	Safety Officer (2No Off)	Hour	8736		
10	Admin Clerk (1No Off)	Hour	2976		
11	Trade Assistant (12No Off)	Hour	52416		
12	Welder (4No Off)	Hour	17472		
13	Fire Watcher (1No Off)	Hour	4368		
14	Mechanical Engineer (1No Off)	Hour	2976		
15	Quality Engineer (1No Off)	Hour	2976		
			Total Amount for Resources (Excl VAT)		

Item No	Machinery	Unit	No of Days for 5 Year Duration	Rate	Amount
1	CNC Lathe - 5m x 1m swing	Day	378		
2	Horizontal floor boring CNC Mill - X-4.8m, Y-4m, Z-0.7m	Day	378		
3	CNC Bending machine, working length 2m x 0.9m working height 135deg bending angle (5mm plate thickness)	Day	378		
4	Vertical Boring CNC Mill – Swing 5m x 3m height	Day	378		
5	Conventional centre lathe (10 Ton load)	Day	378		
6	Convential Vertical Boring Mill 2.2m x 1.5m	Day	378		
7	Conventional Bending machine, working length 2m x 0.9m working height 135deg bending angle (5mm plate thickness)	Day	378		
8	Conventional centre lathe (10 Ton load)	Day	378		
9	Conventional horizontal boring mills (X-2000, Y-1000, Z-1000mm, with 2m x 1.2m table	Day	378		
10	Convential Vertical Boring Mill 2.2m x 1.5m	Day	378		
			Total Amount for Machinery (Excl VAT)		
				TOTAL AMOUNT (EXCL VAT)	