

Workshop 4e:

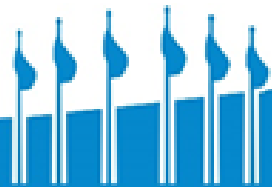
M3NHF Schedule of Rates version 7 – what's new?

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Room: Oxford Room



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M3NHF Schedule of Rates version 7 – what's new?

Subtitle

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Reasons for Review/New Version

- 📄 Legislative Changes
- 📄 Continual Move to towards Partnering/Collaborative Working/Best Practice
- 📄 Changes in working methods/components
- 📄 Inflationary factors
- 📄 Version 6 was issued in Jan 2008 with subsequent issues of release 6.1, 6.2 and 6.3


Legislative Changes

- ☐ At the time of the issue of revision 6.1, the NHMF took the opportunity to sponsor the development of a new Form of Contract, which has become known as the NHF Form of Contract (2011) with variants for:
 - Responsive Maintenance;
 - Planned Maintenance;
 - Gas and Heating;
 - Communal Mechanical and Electrical;
 - Estate Services;
- ☐ The latest version is (Rev 4:2016) which incorporates the changes arising out of the CDM Regulations, the Public Procurement Regulations and the more recent requirements of the Modern Slavery Act 2015 and the Late Payment of Commercial Debts Order

NHF Form of Contract Documentation

- ☐ The NHF Form of Contract is more than just the Contract Conditions it also includes the following:
 - Invitation to Tender including model appendices on evaluating the Tender for both price and quality;
 - Price Framework;
 - KPI Framework;
 - Preliminaries or Service Specification;
- ☐ These have all been developed and updated to reflect both the latest requirements of legislation but also the best practice in the management of maintenance from both a Client and Service Provider aspect.
- ☐ Due to Client requirements, our work on producing the Version 7 issue of these documents had to be accelerated and these were actually issued as Version 6.3 in the autumn of 2015.

Technical Specification

-  The Technical Specification aka Specification of Workmanship and Materials or All Trade Preambles has also been reviewed for Version 7 and incorporates additional specifications for example in respect of:
- Electrical Heating Maintenance
 - Renewal of Kitchens, Bathrooms, Central Heating and Rewires;
 - Renewal of Windows and External Doors (Timber, UPVC, GRP, Powder Coated)
 - Renewal of Fire Doors and Doorsets
 - A number of the trade specifications have been substantially enhanced for example Carpentry and Joinery in Version 7 has increased to 177 clauses compared to the 101 clauses in Version 6.
 - References to British Standards etc., have been updated to those applicable in December 2015.

 So that brings us to the Schedule...

Additional Items

- ❏ The original brief on Version 6 was to reduce the model library of Schedule of Rates items to a more manageable 2,461 items from the 2,899 of Version 5.1.
- ❏ Revision 6.1 added 129 items of energy efficiency and micro-generation.
- ❏ Revision 6.2 added a further 248 items arising from Clients and Service Provider's requests, and need for additional items identified in audits and to mitigate use of daywork.
- ❏ This version 7 adds a further 386 items again arising from requests and audits, and the consultation process that was undertaken.

Additional Items

- 🏠 The need for additional items has arisen due to:
 - Wider usage of the Schedule on communal facilities;
 - Facility management activities e.g. communal cleaning;
 - Compliance inspections;
 - Fire risk assessment works;
 - Narrow banding widths required on leadwork, fascias and soffits
 - Counter wrong codes being applied for works not in the Schedules.

Additional Items

ELEMENT	ADD ITEMS	EXAMPLES
Foundations	16	Excavation, Concrete Foundations etc.,
Groundworks	28	Landscaping, Balustrades, Fuel bunkers etc
Fencing	9	Renewal Items (previously had only Erect on certain fence type)
Drainage	11	Gullies, Drainage Clearance, CCTV changed from HR to IT
Brickwork	27	Concrete Repairs, Cavity Wall Inspections,
Masonry	3	Stone Cleaning
Roofing	26	Leadwork, More Bands, Hips separated from Ridges, Butyl and other Specialist Roof Coverings
Carpentry and Joinery	103	Additional Gain Access, Linings for Wet Rooms, FD30 Doorsets, Pre-finished Doors and Windows, more Bands, Single floorboards
Wall and Floor Tiling	11	Non Slip Ceramic Floor Tiling, Hack up multi layered flooring

Additional Items

ELEMENT	ADD ITEMS	EXAMPLES
Cleaning and Clearance	21	Demolition of sheds, garages, pigeon lofts, communal Cleaning
Painting and Decorating	32	Strip paper to walls only, Fire Retardant Paint and Coatings
Glazing	4	Emergency Repair film, 6mm Polycarbonate
Plumbing	23	Overhaul sinks, baths, whb's, 9.5KW Showers, CWST and F&E Tank Inspections
Heating	7	Boiler Cupboards and other builders work
Electrical	49	Trunking, CCU's to 17 th 3 rd Amendment IET regulations, Additional switch and connection units, Fault Find
Disabled Adaptations	7	Support Bars, Visual Aids, 9.5KW Showers

Basis of Pricing Version 6

The rates were:

- Based on standard minute values (time from arrival to establish what job is to time on departure having cleaned up)
- The hourly rate calculation includes for 10% non-productivity element.
- Prices were based on the December 2007/January 2008 rates of pay, NI, materials costs, vehicle and fuel costs, overheads and profit etc.,
- The target at that time based on the market rates on Version 4.2 and Version 5 was that a good tender would be plus/minus 2%

Basis of Pricing Version 6

- ☐ We all know what happened in the later part of 2008, a nose dive leading to commercial hari-kari with discounts of 40% to the version 6 rates being tendered to Clients by Contractors desperate for turnover and survival.
- ☐ Discounted rates are now heading back to single figures but “building” inflation is out pacing the effects of CPI, RPI and BMI annual increases.
- ☐ Longevity of Contracts has meant that heavily discounted contracts are still in operation placing Contractors at the risk of market forces; rising material costs, shortage of skilled labour leading to above inflation increases in wages

Basis of Pricing Version 7

The rates are:

- Based on reviewed (taking account of comments raised during the consultation process) standard minute values (time from arrival to establish what job is to time on departure having cleaned up)
- The hourly rate calculation we have used includes for 10% non-productivity element.
- Prices are based on the December 2015/January 2016 rates of pay, NI, materials costs, specialist operations,
- vehicle and fuel costs (costed at £5.75 per productive hour)
- Overheads at 15% and Profit at 5% etc.,

Inflationary Factors

Basic Pay of Operatives

	Rate Applicable at Jan 2008	Rate Applicable at Jan 2016	Percentage Increase
Multi Skilled	£9.72	£11.33	16.56%
Plumbers	£10.39 / £12.12	£12.36 / £14.41	20.47 / 27.75%
Electricians	£12.06 / £13.08 / £13.58	£13.54 / £14.78 / £15.28	10.24% / 13.00% / 12.52%
Heating Engineers	£12.12 / £13.46	£14.41 / £16.00	18.89% / 18.87%


Inflationary Factors

All in Rate Applied on Version 7	Rate Applicable at Jan 2008	Rate Applicable at Jan 2016	Percentage Increase
Multi Skilled	£26.26	£30.23	15.11%
Plumbers	£31.18	£38.33	22.93%
Electricians	£34.06	£37.98	11.51%
Heating Engineers	£34.50	£42.41	22.93%
Roofing Gang	£41.54	£47.70	14.83%

Inflationary Factors

	Indices Applicable at Jan 2008	Indices Applicable at Jan 2016	Percentage Increase
CPI	105.7	126.5 (Dec 2015)	19.68%
RPI	209.8	260.6 (Dec 2015)	24.21%


Inflationary Factors

 In respect of material prices, comparison over the 8 years since Version 6 was evaluated indicates an erratic profile, some materials have almost doubled in price, others which were state of the art in 2008 have been halved due to increase demand and competition both between the national merchants and the ability to source and buy online from a multitude of competing suppliers.

Working at Heights effect

- ☐ This aspect has been the subject of intense debate from both the Clients and the members and prospective members of the Contractor Forum.
- ☐ The concept that the means of access in accordance with each Contractor's safe working practices and procedures (each organisation has a slightly different approach) in respect of works to 2 storey dwellings/blocks being "deemed to be included" in the rates has been retained.
- ☐ However all works at eaves level are now evaluated as being 2 man operations and gang rates have been applied to the SMV's

Working at Heights effect

 However all works at eaves level and above are now evaluated as being 2 man operations and gang rates have been applied to the SMV's.

 This affects works to:

- Chimneys;
- Gutter work;
- Fascia,
- soffits and bargeboards;
- Clearing rainwater pipework;
- External soil and ventilating pipework;
- Roof windows;
- Domelights;
- High Level security lighting;
- PV and Solar panels;

Inflationary Factors

Current Percentage Adjustment on Version 6	Equivalent Percentage Adjustment on Version 7
Discount of 20%	Discount of 39.16%
Discount of 15%	Discount of 35.36%
Discount of 10%	Discount of 31.56%
Discount of 5%	Discount of 27.75%
Zero Adjustment	Discount of 23.95%
Plusage of 5%	Discount of 19.60%
Plusage of 10%	Discount of 15.73%

Additional Principal Modules, etc

- 🏠 ROS Repairs and Viper Void Ordering Schedules
- 🏠 Planned Maintenance and Property Reinvestment Works
- 🏠 Gas and Alternative Heating Servicing and Maintenance
- 🏠 Solid Fuel Servicing and Maintenance
- 🏠 Communal Mechanical and Electrical
- 🏠 Cyclical Redecoration and Pre-decoration Works
- 🏠 Disabled Adaptations/Facilities
- 🏠 Retrofit
- 🏠 Fire Safety
- 🏠 Facilities Management Schedule

Secondary Modules

Limited Schedule of Rates Content

- Estates Services (Grounds Maintenance, Building and Window Cleaning)
- Asbestos Identification and Testing
- Day to Day Water Hygiene Services and Risk Assessment

Communal Modules

 Predominately Specification based with limited SOR

- Lifts
- Stairlifts, Disability Hoists, etc
- OAP Alarms
- Fire Alarms, Emergency Lighting, etc
- Door Entry
- CCTV
- Digital TV

Variants of Version 7

 Variants of the Contract Conditions will be produced to work with:

 JCT Measured Term

 NEC3

 TPC2005

 In addition to The Minor Works Form of Contract