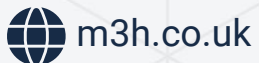


M3NHF Schedule of Rates and Version 8

Facilitated by:

David Miller

Director | M3 & Rands



Overview of current M3NHF Schedules of Rates

Schedule of Rates

Introduction

- **Sponsored by HAMMAR**
- **Original Working Group Formed the NHMF**
- **Currently used by 600 Social Landlord's**
- **5.0 Million Dwellings Maintained using M3 NHF SOR**



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Schedule of Rates Introduction



1993

Schedule of Rates developed



1994

Schedule of Rates Launched

2008

Version 6 Released



2016

Version 7 Released

2019

Version 7.1 Released



2021

Version 7.2 Released



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Growth in Items

Version 6 - 2,430 items

Version 6.1 – 2,590 items

Version 6.2/6.3 – 2,704 items

Version 7 – 3,090 items

Version 7.1 – 3,159 items

Version 7.2 – 3,440 items

Why do we need to move to Version 8

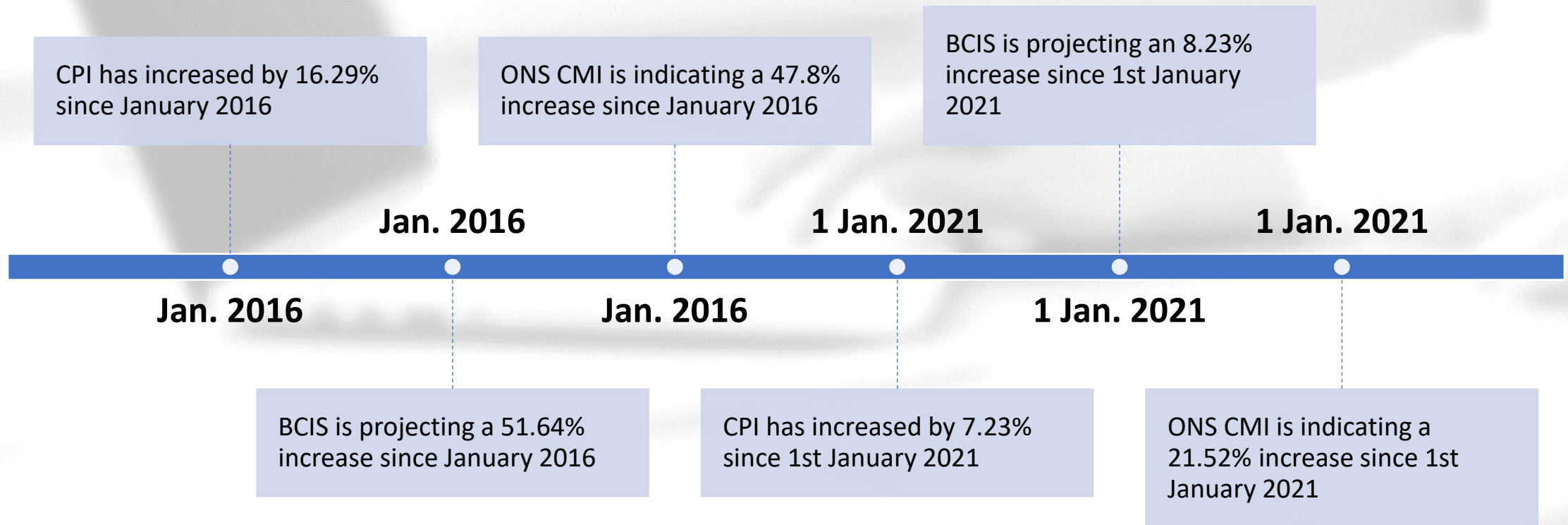


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Inflation v Market

Inflation at 2Q 2022





Unforeseen Financial Impacts on Contracts



International/National
Events– All Contracts
can/could be affected

Contract Specific
Events



International/National Events.

Brexit and its
consequences

Covid-19 Pandemic
and its consequences

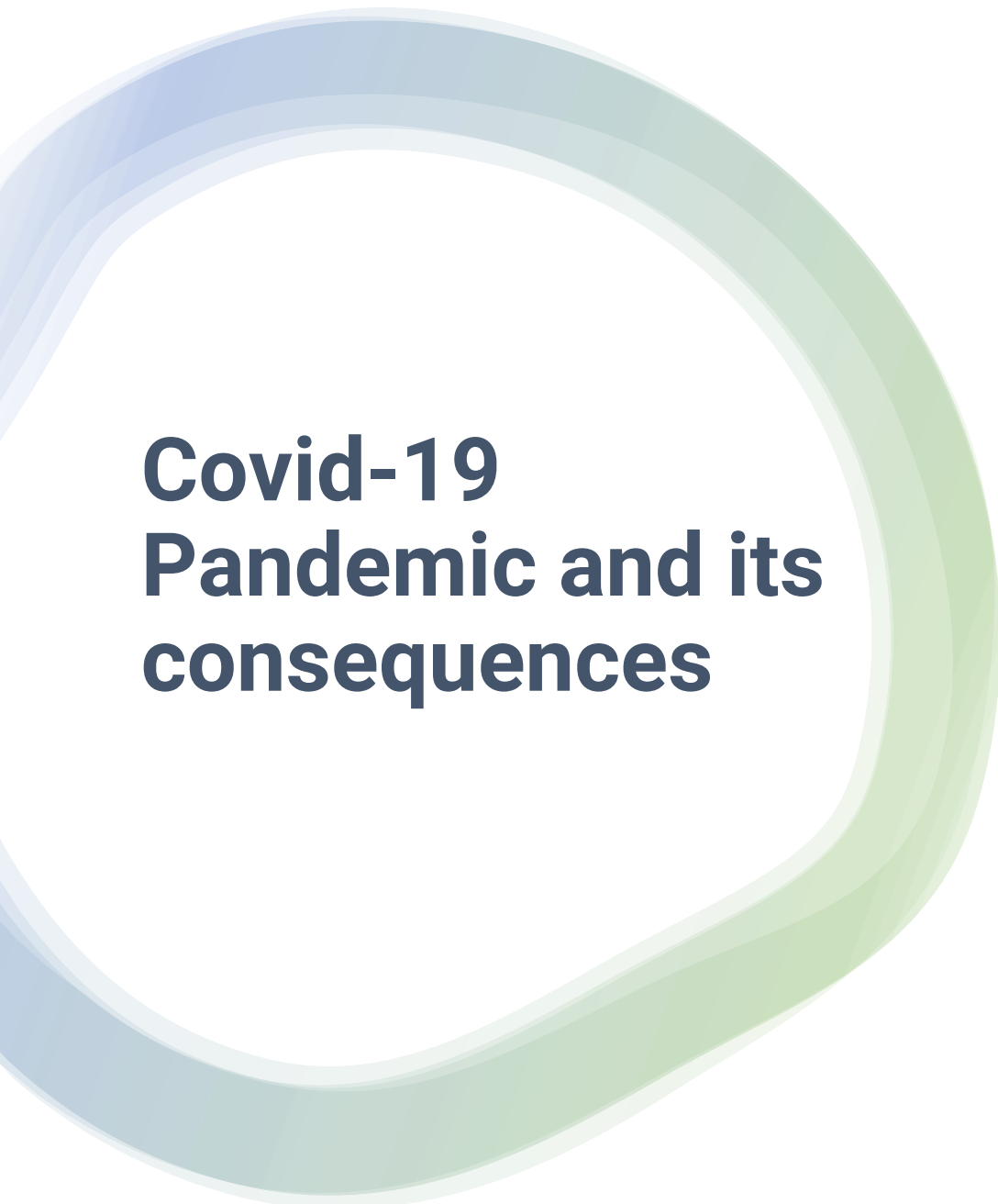
Climate Change and
Energy Costs

Building Safety and
Regulations



Brexit and its consequences

- 60% of Imported Materials used in UK Construction and Maintenance comes from EU Countries
- 80% of all Softwood comes from EU Countries.
- EU Operatives who left during pandemic and who want to return will be subject to new Immigration regulations.
- Non Tarriff Barriers (NTBs) with the EU introduce additional costs and time impediments to the import of certain materials and components – UK government considers this will be 5-11% increase for goods and 3-14% for services - Delays in checking imports at the Ports
- Hard v Soft Brexit



Covid-19 Pandemic and its consequences

- Additional Health and Safety Measures
- Lockdowns – only emergency works undertaken by most Clients
- Isolation – affecting access and availability of labour.
- Material availability – Production, Stocking, Delivery, and Increased DIY activities
- Increases in costs outstripping CPI Inflation




Climate Change and Energy Costs

- Winter Storm Uri affected a number of Chemical plants in Texas affected the production and supply of insulation, paints, adhesives and packaging materials. – **costs escalating**
- Hotter than normal weather during the summer in Sweden affected the cutting of timber, leading to reduced supplies. (shortage of imported timber led to a 1.3% decline in monthly construction output) Timber yields are also increasingly threatened by wildfires and increased pest action. – **costs escalating**
- Cold Winter in Europe in 2020/21 resulted in lower levels of gas being stored, a relatively windless summer meant it was difficult to replenish power supplies – **costs escalating**
- **Conflict between Russia and Ukraine**



Building Safety and Regulations

- Dwellings required to be “Fit for Habitation”
- Actual and Alleged Disrepair Cases – No Win No Fee Law Firms
- Insufficient Compliance Inspections and Stock Condition Surveys
- Compliance Gap affected by Covid
- Out of date data



Causes of Material Price Increases

- Reduced production due to Covid Factory Closures, Climate problems in Texas and Scandinavia;
 - roof tiles on 20 to 36 weeks lead in
 - Cement production 11.21% down in 2021
- Reduced stock holdings due to Covid “DIY”
- Congestion at UK and Overseas Ports
- Containers in the wrong place
- Suez Canal Blockage
- Increases in energy costs from Russia/Ukraine conflict

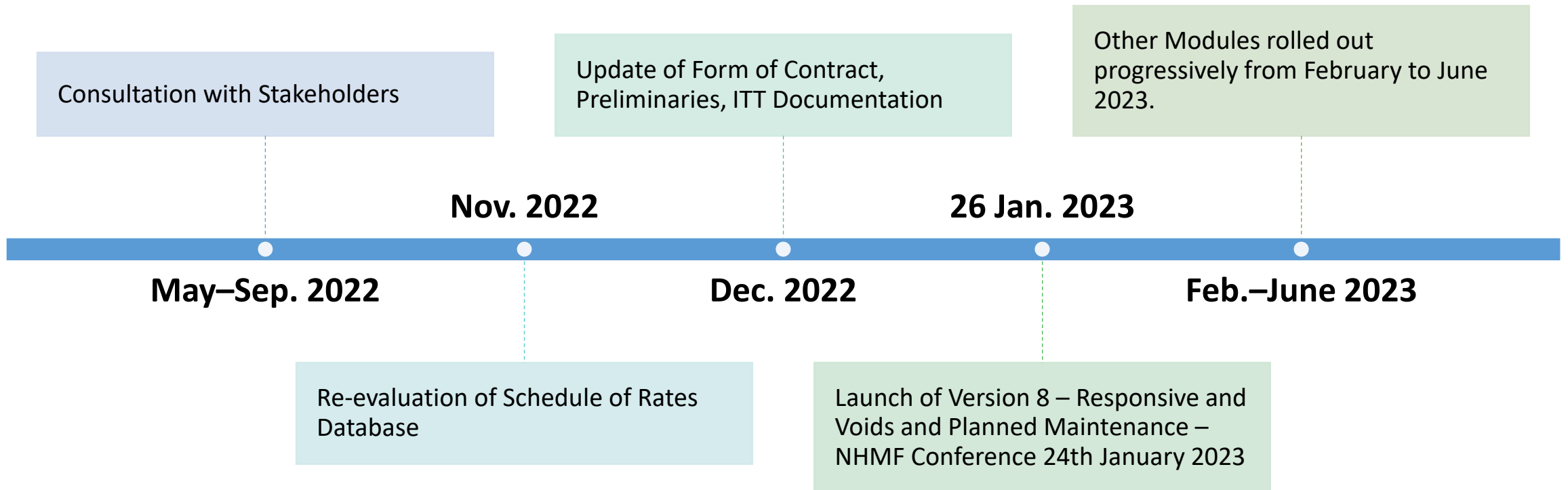
Market at 2Q 2022

Erratic Tendering Patterns

Same tender can have a spread of adjustments from double digit discounts to double digit plusages.

Same tenderer may offer discount on one contract and plusage on a very similar one in same geographical area.

Programme for Version 8



Consultation with Stakeholders

What do we need to change in the Schedules of Rates.

What is missing from the Schedules of Rates

What can be deleted from the Schedules of Rates

Are any new trades or elements required

Are any new modules required

Should we have a separate DLO/Contractor operational module for inspections, abortive works, support to other operatives etc.

Consultation with Stakeholders

Should a Social Value offer be part of the model Invitation to Tender evaluation criteria.

Should a Sustainability Value offer be part of the model Invitation to Tender evaluation criteria.

Should the Schedules of Rates be in a totally electronic format with no hard copies.

Is a 10% non productivity allowances on labour costs sufficient to cover pre-inspection, close down, material sourcing etc.,

Is a 15% Overhead allowance on total labour, vehicles, materials and specialist subcontractors adequate, with the addition of 5% for profit on cost plus overheads.
