# Your route through Letter of Intent Loss Prevention

A sample report, built from invented answers, to show what yours will look like.

> This report is based only on your answers, before we have seen any of your papers. It is not legal advice, and you should not rely on any date or time limit in it: check every date against your subcontract. Legal questions go to your solicitor.

## Where you stand

Your answers suggest you will commit more than the cap before the subcontract is due, so the cap is the first thing to fix. Every pound past it is spent on a promise nobody made, and a clearly worded cap can limit what you recover.

You have not started yet, and before the first gang arrives is the cheapest time to close the gaps in your letter. Each can go back to your main contractor as a short written proposal. Anything refused is recorded as open, with its risk priced, before you decide whether to start.

If no subcontract ever follows, your work is valued from what you built and what it cost. On your answers, your records would not yet prove both, so that value would rest on estimates your main contractor can argue down.

A cap says how much you can spend, not what your work is worth. With no price basis and no payment dates, both are left to be argued later, usually once the relationship has soured.

The letter is silent on what happens if the subcontract never arrives. Many jobs end on the letter, and yours would then have nothing in writing to say how the work is paid.

Your office knows the cap, but your site team does not. That is how a cap gets passed in week 6: the people committing the cost do not know the limit exists.

## What to do now

In order of priority.

1. **Ask in writing for a cap that covers your first stage of work**

   **Why:** Asking before you commit the money costs nothing. Arguing about it once the cap is passed is a negotiation from weakness.

   **How:** Total what you will commit before the subcontract is due, from your plan for the first weeks. Write to your main contractor proposing a cap that covers it, or a first stage of work the cap does cover. Ask for the answer in writing, and until it comes, commit only what the current cap covers.

2. **Ask for your quote's rates and monthly application dates to be written in**

   **Why:** One sentence tying the work to your dated quote turns a later argument about value into arithmetic. Monthly application dates keep the value of your work on the record, and the cash moving.

   **How:** Propose that the work is valued at the rates in your quote, named by its date and reference. Add a basis for anything the quote does not price, such as daywork rates. Propose a monthly application date and when payment follows it. Where a letter has no payment terms, the Scheme for Construction Contracts (England and Wales) Regulations 1998 may fill the gap. Whether it does on yours is a question for your solicitor. Having the dates written in is simpler.

3. **Ask for the letter to say what you are paid if no subcontract follows**

   **Why:** If the job ends on the letter, that one sentence decides whether your work and the costs you have committed are paid, or argued about.

   **How:** Check the letter for what happens if no subcontract is signed. If it says nothing, propose a sentence that pays you at the stated rates for the work done. It should also cover the costs you have committed, such as materials already ordered. Ask for the reply in writing, and keep it with the letter.

4. **Name one person to watch the cap and the expiry, and tell site what the cap is**

   **Why:** Someone has to ask for a higher cap or the signed subcontract before either runs out. A job nobody owns is the one that slips in a busy week.

   **How:** Pick one person, and a second to cover them. Put the expiry date in the diary, with a date well before it to chase the subcontract. Tell your site manager and whoever orders materials what the cap is. The named person asks in writing for a higher cap or the subcontract before either limit is reached.

5. **Confirm any extra work in writing before it starts**

   **Why:** Work beyond what was agreed may have nothing in writing behind it at all. A short confirmation, sent before you start, is the record that it was asked for.

   **How:** Use a short template: the date, who asked, what work, where, and that it is extra to what was agreed. Email it to your main contractor before the work starts, and keep the reply. Tell your site manager that no extra work starts without one.

6. **Keep dated records of the work and its cost from day one**

   **Why:** If the subcontract never arrives, or extra work is disputed, your work is valued from what you built and what it cost. Records made at the time are what prove both.

   **How:** Name the work areas once, from the drawings. Each day, allocate labour and plant hours to the areas worked, and file delivery tickets against the area they served. Take dated photos as the work goes in. Mark the date you pass the cap or the letter expires, so the work after it can be separated.

7. **Keep every letter and email about the job exactly as it arrived**

   **Why:** If the work is ever disputed, it turns on what the paper said and when. The original email keeps its date and time; a copy or a printout may not.

   **How:** Make one folder for the job. Save the letter, your quote and every email about the cap, the scope, the rates and the subcontract as the original emails. Do not edit or rename the attachments.

## What to gather

Everything the work is built from. Copies are fine: send what you have and we will tell you what is missing.

- **The letter of intent or order, as issued.** The letter or order exactly as it arrived, with any unsigned subcontract, terms or schedules sent with it, as PDFs or scans. If you were told to start by email or on a call, send the email or your note of the call.
  Where to find it: Usually attached to an email from your main contractor's commercial team, or in its procurement portal under the project.
- **Your quote and the tender correspondence.** The quote as sent, with its date, reference, exclusions and assumptions, and the emails that followed it, forwarded as the original messages.
  Where to find it: Your estimator's sent items, or the tender folder for the project.
- **The drawings, specification and programme you priced from.** The revisions you actually priced, with their dates, and the programme or start date the main contractor has given you.
  Where to find it: The tender folder, or the document register your main contractor issued with the enquiry.
- **Your plan for the first weeks on site.** What you expect to commit before the subcontract is signed: labour, material orders, plant and any design, roughly costed.
  Where to find it: Your contracts manager's mobilisation plan or the first cost forecast. A short email is enough if nothing is written down.

## Why Quantsurv

You can do a good deal of this yourself, and the steps above show how. If you would rather have it done for you, or want the notices checked before you act, this is the work we do.

- **Specialists in exactly this.** We work only for subcontractors, on the claims and disputes that cost them money. Behind it: 10 years on the commercial side of construction, and £100m+ of construction projects worked on.
- **A fixed fee, agreed first.** We never bill by the hour. Fixed fee agreed before work starts. Optional support has a fixed monthly fee and ends when the subcontract is signed or you no longer need it. If the work runs over, the cost is ours, not yours.
- **Fast where it matters.** Five working days. A fixed fee also gives us every reason to finish quickly.

## How Letter of Intent Loss Prevention would run for you

The whole service, step by step. Where your answers decide a route, it is shown under the step it belongs to.

### Step 01 You tell us about the letter and your start date

The first conversation is free. You tell us about the job, the start date, what the letter says and what you plan to commit in the first weeks.

**What you get:** A straight answer on whether this check fits, and what cannot wait for it

### Step 02 You send us the letter and your quote

You send everything in the list below, exactly as it arrived. If you were told to start by email or on a call, send the email or your note of the call.

### Step 03 We confirm the scope and fixed fee in writing

We confirm in writing what the check covers, the fixed fee and the date you will have the findings.

**What you get:** A written scope, fixed fee and the date you will have the findings

### Step 04 You decide whether to go ahead

You read the written scope and fee, then decide.

### Step 05 We read the letter and everything it refers to

We read the letter and every term, schedule or unsigned subcontract it brings in, with the drawings and programme you priced from.

### Step 06 We check the letter against your quote and first weeks

We check the cap, scope, price basis, expiry and payment route, and what happens if no subcontract follows. We read each against your quote and what you will commit in the first weeks.

**What you get:** The findings: the cap, scope, price basis, expiry and payment route, each set against your quote and first weeks

- **If the cap is less than you will commit before the subcontract is due:** we tell you that day. A cap that covers the first stage of work goes to the top of the proposals.
- **If the letter says nothing about how the work is valued or when you can apply:** the proposals ask for your quote's rates and monthly application dates to be written in.
- **If the letter says nothing about what happens if no subcontract follows:** the proposals ask for payment, at the stated rates, for the work done and the costs committed if the subcontract never arrives.

### Step 07 We write the proposals to close the gaps

Each gap becomes a short proposal in your name, with the wording to agree. They cover a cap for the first stage, a price basis, application dates and what happens at expiry.

**What you get:** Short written proposals to close each gap, worded and ready to go in your name

### Step 08 You send the proposals, and your main contractor replies

The proposals go from you, in your name. We read the reply with you as soon as it arrives.

### Step 09 You decide whether to start work on the letter

Before work starts, each point is agreed in writing or recorded as open with its risk priced. The decision to start is always yours.

### Step 10 We set the working rules for your team

The cap goes in your cost system with a warning at three quarters of it, and the expiry and application dates go in the diary. One named person asks in writing for a higher cap or a signed subcontract.

**What you get:** The working rules: the cap warning, the diary of expiry and application dates, and the named person's duties

- **If work is asked for outside the letter's scope:** the rule is to confirm it in writing before it starts, using a short template we set up for your team.
- **Where the subcontract may never follow:** your team keeps dated records of the work and its cost from day one, so the work can still be valued and paid.

### Step 11 We walk your team through the rules

We take the named person, the site manager and whoever orders materials through the rules on one call. Each of them leaves knowing their part and the limits they work to.

### Step 12 You run the first month on the letter

Your team runs the rules for the first month, in your name and on your systems. The named person tracks committed cost, applies on time and asks before any limit is reached.

### Step 13 We check the first month and put any slip right

We check committed cost against the cap, that the application went in on time and that the work stayed inside the authorised scope. We put any slip right that month.

**What you get:** A written check of the first month, with every slip put right and the rules signed off

### Step 14 You decide whether the monthly check continues

Your team runs the rules from the handover. Whether we keep checking them each month is your choice.

### Step 15 We hand over the checked letter and the working rules

You receive a written record of agreed terms, gaps and proposed changes, supported by a cap tracker, deadline diary and extension routine with a named owner. The work includes team training, a live-month trial and a handover when the subcontract arrives.

## Your path through the questions

The questions you answered, in order, as the page drew them. Your answers are in yellow, with the line running through them.

**Which is closest to where you are now?**

**We are due to start on a letter of intent, and have not started yet**

We have started on the letter, and are still inside its cap and expiry

We have already worked past the letter's cap or its expiry date

The full subcontract has now arrived for us to sign

We mainly want to know whether the letter binds us in law

**Does a start date, the letter's expiry or an application date fall this week?**

Yes, we are due on site this week | **No** | Not sure

**What have you had in writing from your main contractor about starting?**

- **A letter of intent, or an order to start before the subcontract**
- Only an email telling us to start
- Only a phone call, or a word on site

**Will the letter's cap cover everything you commit before the subcontract is due?**

- Yes, with room to spare
- **No, we will commit more than the cap before the subcontract is due**
- We have not set it against what we will commit
- The letter does not set a cap
- Not sure

**Do the work, the drawings and any price in the letter match your quote?**

- **Yes, they match what we priced**
- No, something is different from what we priced
- Not sure; we have not compared them yet

**Does the letter say how your work will be valued, and when you can apply for payment?**

- Yes, it says both
- It says one but not the other
- **No, it says nothing about either**
- Not sure

**Does the letter say what you will be paid if the subcontract never arrives?**

- Yes
- **No, it says nothing about that**
- Not sure

**Does the letter refer to terms, schedules or a subcontract you were never sent?**

- Yes
- **No**
- Not sure

**How will you know when you are getting close to the cap or the expiry date?**

- A named person tracks what we commit against it every week
- We would see it in the accounts when the invoices come in
- **The office knows the cap, but the site team does not**
- Nobody is watching it yet
- Not sure

**If you are asked to do work beyond what was agreed, what usually happens?**

- We confirm it in writing before we start it
- **We usually just do it and sort the paperwork out later**
- Not sure

**Do you keep daily records of the work done and what it cost?**

Yes, every day, by area | **Some, but not every day or not by area** | Not really | Not sure

**Roughly how much is at stake?**

Under £5,000 | £5,000 to £25,000 | £25,000 to £100,000 | **Over £100,000** | Not sure

**Your report**

## Next step

**The first conversation is free and commits you to nothing.** Reply to the email this report came with, or email contact@quantsurv.com, and we will already have your answers.