Your route through Price Rise 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 main contractor can recover price rises from its client, but the subcontract you are about to sign passes none of that down. That makes the price terms the first thing to settle. It also gives you your strongest ask: you are asking it to share a protection it already has.

For the jobs you price next, the first thing to fix is the base date on your quotations. Without one, your main contractor can say a rise was already in your price.

Your quotations do not always carry a base date, and late orders can be taken at the old price. That is how a rise most often lands: the order comes months later, the materials cost more, and nothing in the paperwork lets you adjust.

You are at the best point to act. The subcontract's price terms can still change before you sign, and once it is signed, they are fixed.

A quotation that has not been accepted can still be reissued with a base date. Once your main contractor accepts it, the price is the one you agreed.

An order that arrives after your quotation has lapsed is usually a new offer, not an acceptance, so you are free to answer it. Once you start work under it, the old price is very likely the one you agreed.

A contingency is a guess. Too big and you lose the work; too small and the rise eats your margin.

On a fixed price, a rise in your costs is usually yours. The exceptions are a rise inside work your main contractor changed, or one its delay pushed into dearer months. Those may still be recoverable, but only with the record kept at the time.

One person keeps track of price rises with no cover. That gap shows in a holiday or a busy month, when an increase letter sits unread or a notice date passes.

What to do now

In order of priority.

1. **Ask for the same price terms your main contractor has, before you sign**

   Why: A main contractor protected against rises by its own contract has less reason to refuse you the same.

   How: Ask in writing for the same basis of adjustment as the main contract, such as the same fluctuations option or the same indices. Decide first the fallback you will accept, such as an adjustment on only the few materials that move most. Check any agreed wording is in the subcontract itself, not just in an email. If you want the asks, the reasons and the fallback on one sheet, send us the subcontract as offered and we set them out for you.

2. **Put a base date and a validity period on every quotation**

   Why: The base date is the starting point for any adjustment, and the validity period sets when your offer ends. Without them, your old price can be accepted months later.

   How: Write the base date on the front of every quotation: the date your supplier prices were fixed. State a validity period that matches your suppliers' own, which for volatile materials is often 30 days or less. Keep the dated supplier quotes the price was built on in the quotation file.

3. **Reissue that quotation with a base date before it is accepted**

   Why: Once your main contractor accepts it, the price is the one you agreed, whatever your suppliers charge by then.

   How: Send a revised quotation in writing that replaces the old one. State the base date, a validity period, and the materials that will be adjusted and on what basis. Keep proof of when it reached your main contractor: it has to arrive before any acceptance of the old one does.

4. **Answer a late order in writing before anyone starts work**

   Why: Starting work on an order is usually taken as accepting it, at the price it names.

   How: When an order arrives after your quotation's validity has run out, reply in writing before any operative goes to site. Either reprice it from current supplier quotes, or accept the old price with a new base date and the volatile materials adjusted from it.

5. **Name the materials that move, and how each will be adjusted**

   Why: The adjustment only needs to cover the few materials that move enough to hurt. Named in the quotation, the risk is shared openly instead of guessed.

   How: Pick the few materials that make up most of your package value and have moved most. List each in the quotation with its tender rate and the date it was priced. For each, state how it will be adjusted from the base date: by a named published price index, or by the invoiced price against the tender rate.

6. **Name who keeps the price record, and who covers them**

   Why: A rise is proved by papers filed on the day. A task nobody owns slips in a busy month, and the record can leave with the buyer who kept it.

   How: List the tasks: filing supplier increase letters, setting invoices against the tender rates, saving the index values each month and watching the notice dates. Put a named person against each one, and a second person for when the first is away.

7. **Keep the prices you tendered at, exactly as priced**

   Why: Every rise is measured from what you priced. A tender file that has been updated since cannot prove the starting price.

   How: For each job, save the quotation as sent and the dated supplier quotes it was built on, in a folder nobody edits. If a quotation is repriced, save the new one beside it. Never overwrite the old one.

What to gather

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

- **A recent quotation and how it was priced.** The quotation as sent, with the supplier quotes it was built on, their dates and their validity periods.

  Where to find it: Your estimating folder, or the email the quotation went out with.

- **The subcontract, as offered or signed.** A complete PDF with all schedules and amendments, the particulars and any fluctuations option or price adjustment clause included.

  Where to find it: The order email or the job's commercial folder.

- **The main contract's price terms, where you can see them.** The fluctuations option or price adjustment clause in the main contract, or a note of what the main contractor has told you about it.

  Where to find it: The tender enquiry documents, or ask the main contractor's quantity surveyor.

- **Your main materials and suppliers.** The few materials that make up most of your package value, who supplies them, and any price increase notices received in the last year.

  Where to find it: Your buyer or your purchase ledger.

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 set-up fee agreed in writing before work starts. Optional monthly checks have a fixed fee agreed first. Pause between jobs or stop at month-end. If the work runs over, the cost is ours, not yours.
- **Fast where it matters.** Ten working days. A fixed fee also gives us every reason to finish quickly.

How Price Rise 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 how you price, what you buy and what is coming up

One call on how your quotations are built and the materials that make up most of your packages. We also cover the jobs you are pricing, about to sign or already running. The first conversation is free and commits you to nothing.

Step 02 We confirm the scope, the fixed fee and the timetable in writing

We set out which quotations, subcontracts and live jobs are covered, what you get and when. Nothing starts until you have agreed it in writing.

What you get: A written scope, fixed fee and timetable

Step 03 You choose the scope and decide whether to go ahead

You can go ahead as proposed, change the scope or stop there. Whatever you choose is confirmed in writing.

- **Where it is for the whole business:** we rewrite your standard quotation terms once, and set up the price record on each live job.

Step 04 You send us the paperwork

Everything in the list below, in one go. We build the price basis from your own quotations, subcontracts and suppliers, not from a generic clause.

- **If the subcontract is still being negotiated:** send the latest version offered, and each new version as it arrives.

Step 05 We review how you price and buy now

We set your recent quotations and subcontracts beside the rises you carried in the last year. That shows where the price risk landed on you, and why.

What you get: A written list of where rises have landed on you and why, with anything live flagged that day

Step 06 We fix the price basis in your quotations

We write a base date, a validity period and the volatile materials, with their tender prices, into your quotation terms. Each material gets its own adjustment basis.

What you get: Quotation terms that state a base date, a validity period and each adjustable material with its basis

- **If a quotation already out has no base date and has not been accepted:** you reissue it with one before your main contractor accepts it. Once it is accepted, the price is the one you agreed.
- **If an order arrives after your quotation has lapsed:** you answer it with a repriced quotation, or the old price with a new base date, before anyone starts work.

Step 07 We read the subcontract before you sign

We read its fluctuations option or price adjustment clause: the base date, what it covers, its method and its notice rules. We set it against the main contract's terms where they can be seen, and write down the terms to ask for and your fallback.

What you get: A one-sheet note of the price terms to ask for, the reasons and your fallback

- **If the main contract adjusts for price rises and your subcontract does not:** the matching term goes to the top of your asks. Your main contractor is protected against the rise, so it has less reason to refuse you the same.
- **If the subcontract is fixed price, or an amendment deletes the adjustment:** we set out what to ask for,

such as the volatile materials adjusted by an index, and the fallback you will accept.

Step 08 You negotiate the terms with our note in hand

You have the asks, the reasons and the fallback on one sheet. The conversation with your main contractor is then about named materials and a method of adjustment, not goodwill.

Step 09 You decide whether to sign on what is offered

You decide on the terms actually on offer, not the ones asked for. Our note shows which rises each choice leaves with you.

Step 10 We set up the price record for the job

Tender prices are kept as priced, and every supplier increase notice has a place the day it arrives. Invoices are set against the tender rates, and the clause's rules go in the job diary.

What you get: A price record for the job, with the clause's notice rules in the job diary

- **If the subcontract has no price adjustment:** the record is still kept. A rise inside changed work, or caused by your main contractor's delay, can still be recovered, and this record is the evidence.

Step 11 We set it up with your buyer and quantity surveyor

We walk them through the record, the diary and the templates on your own systems. Each task gets a named person and a deputy.

What you get: The record, diary and notice templates set up on your systems, each task with a named person and a deputy

Step 12 You keep the record through a live month, with us alongside

Your buyer and quantity surveyor keep it through a real month of purchases. We are beside them, so the routine is proven on your job before it is handed over.

Step 13 We check the live month and correct anything it shows

We read the month's increase notices, invoices and index values against the clause. Anything missed is put right before handover.

What you get: A checked live month, with anything missed put right

Step 14 We hand over the routine in writing

One short written routine: who files what, when, and which notice goes where. It survives a change of buyer or quantity surveyor.

What you get: The written routine: who files what, when, and which notice goes where

Step 15 You run it from then on, with the monthly check if you choose

Your own people keep the record on every job. With the optional monthly check, we read it with you each month and watch the notice dates.

What you get: With the monthly check, a short written note each month of the adjustment so far and anything due

Step 16 We leave you with a price basis and a record your team keeps

You receive quotation terms stating the price date, validity and possible adjustments, with a pre-signing note identifying price risks and changes to request. A tested price record tracks quoted and actual costs alongside the notice dates.

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 pricing work, or about to sign a subcontract**
- Our subcontract is signed and the job is running
- A rise has already landed on a live job, and we want it paid

Is a subcontract due to be signed, or a notice about a price rise due, this week?

- Yes, a subcontract or an order is due to be signed
- Yes, a notice about a price rise is due
- **No**
- Not sure

Is this for one job, or for how the whole business prices and buys?

- One job
- **The whole business: our quotation terms and every live job**
- Not sure yet

Do your quotations state a base date and a validity period?

- Yes, both, on every quotation
- **A validity period, but no base date**
- Neither, or not on every quotation
- Not sure

Do you have a quotation out now, not yet accepted, with no base date on it?

- **Yes**
- No
- Not sure

When an order arrives after your quotation has run out, what do you do?

- We reprice it, or set a new base date, before work starts
- **We usually accept it at the old price**
- It depends who picks it up
- It has not happened to us

How do you price materials whose prices move, such as steel, copper, cable or timber?

- We name them in the quotation, with how each will be adjusted
- **We add a contingency to our rates**
- We price them at today's prices
- Not sure

Does the subcontract adjust your price when your costs rise?

Yes, it selects a JCT fluctuations option | Yes, it includes NEC Option X1

Yes, it has a price adjustment clause of its own

No, it is fixed price, or an amendment deletes the adjustment | Not sure, or we have not seen it yet

Does the main contract let your main contractor recover price rises from its client?

Yes | No, it is fixed price too | We do not know, and cannot see it

Who keeps track of price rises: the increase letters, the invoices and any notice dates?

A named buyer or quantity surveyor, with someone to cover | **One person, with no cover**

Nobody in particular | 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.