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主旨: Technical Circular Updates

附件: 02-2010.pdf

Dear All,

A new technical circular has been issued and it is enclosed herewith for your reference.

2/2010 Consultants' Fee Proposal

Thank you for your attention.

Best Regards,
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3/8/2010



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Development Bureau
Technical Circular (Works) No. 2/2010

Consultants' Fee Proposal

Scope

This Circular promulgates a mechanism to rationalize Fee Proposals, by imposing a linkage between Consultants' staff rates for additional Services and the staff rates derived from the lump sum fee submitted by Consultants. The policy and procedures promulgated under ETWB Technical Circular (Works) Nos. 23/2003, 23/2003A and 23/2003B in respect of the determination of Consultants' fees for additional Services of consultancy agreements are consolidated under this Circular.

2. This Circular applies to consultancy agreements under the purview of the Architectural and Associated Consultants Selection Board (AACSB) and the Engineering and Associated Consultants Selection Board (EACSB).

Effective Date

3. This Circular takes effect on lump sum consultancy agreements for which Technical and Fee Proposals are invited on or after **1 September 2010**.

Effect on Existing Circulars and Handbooks

4. This Circular replaces ETWB Technical Circular (Works) Nos. 23/2003, 23/2003A and 23/2003B which are hereby cancelled.

5. This Circular should be read in conjunction with the AACSB/EACSB Handbooks into which the Sample Schedule of Fees and Sample Fee Proposal have been subsumed. If there are discrepancies between the provisions of this Circular and those of other documents, this Circular shall prevail.

Background

6. Consultants are required to submit in the Fee Proposal a lump sum fee which is derived from their manpower input and the corresponding staff rates (hereafter called “staff rates in lump sum fee”). Consultants are also required to provide in the same Fee Proposal a set of all-inclusive time charge rates for additional Services (hereafter called “staff rates for additional Services”) to be used for ordering additional Services which are not covered by the original scope.

7. Whilst the staff rates in lump sum fee are derived from pre-determined programme and scope of works, the staff rates for additional Services have to cater for the uncertainties arising from the additional Services of undefined scope at the time of submission. Therefore, it is acceptable that the two sets of staff rates are different. However, in some of the submissions, there are substantial differences between these two sets of staff rates, which are unreasonable.

8. We therefore introduce a mechanism to rationalize Fee Proposals submitted by Consultants. We have also taken the opportunity to consolidate under this Circular the policy and procedures promulgated under ETWB Technical Circular (Works) Nos. 23/2003, 23/2003A and 23/2003B in respect of the determination of Consultants’ fees for additional Services of consultancy agreements.

Policy

9. A linkage between “staff rates in lump sum fee” and “staff rates for additional Services” is imposed so that the percentage difference between these two sets of staff rates, in respect of both professional and technical staff, shall not exceed a “Specified Percentage Range”, set at -75% to +75%. Fee Proposals in which the percentage difference between the two sets of staff rates exceeds the “Specified Percentage Range” shall not be accepted.

Implementation

10. The principles and procedures of determining Consultants’ fees for additional Services and the mechanism to rationalize Fee Proposals are set out at **Annex**.

11. The revised set of conditions in the invitation letter for Technical and Fee Proposals, as set out at **Appendix I** shall be adopted for lump sum consultancy agreements for which Technical and Fee Proposals are invited on or after **1 September 2010**.

12. The AACSB/EACSB Handbooks shall be updated in due course to incorporate the content of this Circular.

(C S Wai)
Permanent Secretary for Development (Works)

Principles

Consultants shall submit in the Fee Proposal a lump sum fee which is derived from their manpower input and the corresponding staff rates (hereafter called “staff rates in lump sum fee”) for performing the Assignment. Consultants shall also submit in the Fee Proposal an all-inclusive time charge rate for each category of professional and technical staff for ordering additional Services.

2. The all-inclusive time charge rates for additional Services shall be used to calculate the adjusted notional value for additional Services which shall then be added to other fee components to arrive at a total fee for assessment of Fee Proposals. These all-inclusive time charge rates shall also be converted into “staff rates for additional Services”. A linkage between “staff rates in lump sum fee” and “staff rates for additional Services” is imposed so that the percentage difference between these two sets of staff rates, in respect of both professional and technical staff, shall not exceed a “Specified Percentage Range”.

3. Fee Proposals in which the percentage difference between the “staff rates for additional Services” and “staff rates in lump sum fee”, for either professional or technical staff, exceeds the “Specified Percentage Range” of “-75% to +75%” shall not be considered in the consultants selection exercise.

Procedures relating to invitation of Technical and Fee Proposals

4. Before invitation of Technical and Fee Proposals, the procuring department shall:-

- (i) establish the categories of staff e.g. partners/directors, professional and technical staff (with additional categories, and/or further breakdown into different ranks and disciplines if necessary), for the purpose of considering Consultants’ fees for additional Services;
- (ii) specify the minimum qualifications, experience and other requirements for each category of staff (sample at **Appendix II**);
- (iii) determine the notional man-hours for additional Services for each category of staff;
- (iv) estimate the all-inclusive time charge rates for each category of staff by making reference to the similar rates proposed by Consultants in recent consultancies and other relevant information;
- (v) calculate, based on (iii) and (iv), a notional value for additional Services by adding the totals of the multiplication of the notional man-hours for

additional Services and estimated all-inclusive time charge rates for all categories of staff.

5. The notional value for additional Services, to cover contingency and any designated services of unknown quantity shall depend on the comprehensiveness of the Brief and the nature of the Assignment. The notional value for additional Services shall not exceed 10% of the estimated lump sum fee.

Procedures relating to assessment of Technical and Fee Proposals

6. The Consultant shall insert in the Fee Proposal a lump sum offer for performing the Assignment and an all-inclusive time charge rate for each category of staff for use in valuing any additional Services instructed.

Checking of compliance with the linkage requirements of Consultants' staff rates

7. The procuring department shall use the pre-determined notional man-hours for additional Services and the all-inclusive time charge rates submitted in the Fee Proposal to calculate the "staff rates for additional Services", in respect of the "professional staff" and the "technical staff" respectively, according to the following formula:-

$$\text{Staff rates for additional Services} = \sum [\text{Notional man-hours for additional Services} \times \text{Proposed all-inclusive time charge rates for additional Services}] / \sum [\text{Notional man-hours for additional Services}]$$

8. If the procuring department requires the Consultants to submit more than one set of all-inclusive time charge rates, e.g. for additional Services of emergency nature or additional Services of work to be done overseas, such additional sets of all-inclusive time charge rates shall not be used in calculating the "staff rates for additional Services".

9. The procuring department shall extract the "staff rates in lump sum fee", in respect of the "professional staff" and the "technical staff", from "Table D" of all stages in the Fee Proposal. The "Percentage Difference", in respect of the "professional staff" and "technical staff" respectively, shall be calculated according to the following formula:-

$$\text{Percentage Difference} = [\text{Staff rates for additional Services} - \text{Staff rates in lump sum fee}] / [\text{Staff rates for additional Services}]$$

10. Conversion factor of 40 hours/week shall be adopted throughout the calculation of the “Percentage Difference”. Fee Proposals in which the “Percentage Difference” between the “staff rates for additional Services” and “staff rates in lump sum fee”, for either professional or technical staff, exceeds the “Specified Percentage Range” shall not be considered in the consultants selection exercise.

11. A worked example of checking the compliance with the linkage requirements is given at **Appendix III**.

Technical and fee assessment of Consultants’ bids

12. The procuring department shall use the notional man-hours for additional Services and the Consultant’s proposed all-inclusive time charge rates for additional Services entered in the Fee Proposal to calculate the adjusted notional value for additional Services, by using the formula:-

$$\text{Adjusted notional value for additional Services} = \sum [\text{Notional man-hours for additional Services} \times \text{Proposed all-inclusive time charge rates for additional Services}]$$

13. The adjusted notional value for additional Services will be added to other fee components to arrive at a total fee for assessment of Fee Proposals. A worked example of technical and fee assessment of Consultants’ bids is given at **Appendix IV**.

14. The fee ceiling for additional Services to be approved by the consultants selection board shall be equal to the adjusted notional value for additional Services, or 10% of the Consultant’s lump sum offer for performing the Assignment accepted by the Employer, whichever is the lesser.

**Conditions To be Incorporated in the Letter
Inviting Technical and Fee Proposals from Consultants**

1. Your submission should be concise and accurate and should comply with the following conditions:
 - (i) Each consultant must provide information in the Technical Proposal on the manpower input for the assignment. You are therefore required to state your proposed total professional and technical manpower input in terms of man-weeks. However, you should not provide any information in the Technical Proposal on charge rates or fees.
 - (ii) In addition, you are required to give a manning schedule (with charge rates and fees), in a bar-chart form, to show the time input of key staff such as Study Directors, Managers and Team Leaders of the relevant disciplines. The manning schedule (with charge rates and fees) should be included in the Fee Proposal only and not in the Technical Proposal.
 - (iii) The proposed lump sum fee on the first page of the Fee Proposal shall be equal to the total fee for staff and non-staff charges for all stages in the summary breakdown of lump sum fee. The information/data, in particular, the manpower input in the Fee Proposal, shall tally with the Technical Proposal.
 - (iv) The proposed all-inclusive time charge rates for additional Services could be different from the staff charge rates indicated in the manning schedule at subparagraph (ii) of this paragraph.
2. We shall not accept Fee Proposals where:
 - (i) the lump sum fee on the first page of the Fee Proposal is different from the total fee for the staff and non-staff charges for all stages in the summary breakdown of lump sum fee; or
 - (ii) the percentage difference between the “staff rates for additional Services” and the “staff rates in lump sum fee” exceeds the “Specified Percentage Range” given in Technical Circular* DEVB TC(W) No. 2/2010.
3. Where the lump sum fee on the first page of the Fee Proposal is different from the total fee for the staff and non-staff charges for all stages in the summary breakdown of lump sum fee or the information/data, in particular, the manpower input in the Fee Proposal, does not tally with the Technical Proposal, you will be asked to rectify the discrepancy by correcting arithmetic errors or making adjustments to the unit charge rate or amending any information/data in the Fee Proposal to bring it in line with the Technical Proposal, where appropriate. If you fail to rectify the discrepancy within _____ days/weeks of the date of the request for rectification, your submission shall be disqualified and shall not be considered. You are not, however, allowed to make any adjustment to the lump sum fee, all-inclusive time charge rates and on-cost rates on the first page of the Fee Proposal.

(*) *Fill in the name of the Technical Circular specifying the percentage difference.*

Suggested Categories of Staff for Additional Services

The following are some suggested categories of staff prepared for departments' reference, and the list is not meant to be exhaustive. Departments should select, modify and append items to suit individual consultancy. If considered necessary, the categories could be further broken down into disciplines.

Category	Minimum Academic/ Professional Qualifications	Minimum Experience Requirement	Professional/ Technical Staff
Partners/ Directors	Corporate member of an appropriate professional institution or equivalent	15 years relevant post-qualification experience	Professional Staff
Chief Professional	Corporate member of an appropriate professional institution or equivalent	12 years relevant post-qualification experience	Professional Staff
Senior Professional	Corporate member of an appropriate professional institution or equivalent	5 years relevant post-qualification experience	Professional Staff
Professional	Corporate member of an appropriate professional institution or equivalent	No additional requirement	Professional Staff
Assistant Professional	University degree or equivalent in an appropriate discipline	3 years relevant post-qualification experience	Professional Staff
Technical	Diploma or Higher Certificate or equivalent in an appropriate discipline	3 years relevant post-qualification experience	Technical Staff

2. For use in consultancies where the specialist services for a particular discipline is estimated to exceed 25% of the estimated consultancy fee (lump sum or equivalent). The type of discipline(s) (e.g. environmentalist) should be specified.

Senior Specialist	University degree or equivalent in an appropriate discipline	10 years relevant post-qualification experience	Professional Staff
Specialist	University degree or equivalent in an appropriate discipline	5 years relevant post-qualification experience	Professional Staff
Assistant Specialist	University degree or equivalent in an appropriate discipline	3 years relevant post-qualification experience	Professional Staff

3. If the procuring department specifies staff for additional Services of categories other than those mentioned above, it should also be clearly specified in the invitation document whether these staff are considered as Professional or Technical Staff.

Worked Example of Checking of Compliance with Linkage Requirements of Consultants' Staff Rates

1. Staff rates for additional Services and staff rates in lump sum fee - The procuring department shall use the pre-determined notional man-hours for additional Services and the all-inclusive time charge rates submitted in the Fee Proposal to calculate the “staff rates for additional Services”, in respect of the professional staff and the other for technical staff respectively, according to the following formula:-

$$\begin{array}{cccc}
 \text{(I)} & & \text{(II)} & & \text{(III)} & & \text{(IV)} \\
 \text{Staff rates for} & & \text{Notional} & & \text{Proposed} & & \text{Notional} \\
 \text{additional} & = \sum [& \text{man-hours} & \text{X} & \text{all-inclusive} &] / \sum [& \text{man-hours} \\
 \text{Services} & & \text{for} & & \text{time charge} & & \text{for} \\
 & & \text{additional} & & \text{rates for} & & \text{additional} \\
 & & \text{Services} & & \text{additional} & & \text{Services} \\
 & & & & \text{Services} & &
 \end{array}$$

Example

(a) Staff rates for additional Services

The staff rates shall be calculated based on **(II)** pre-determined notional man-hour and **(III)** all-inclusive time charge rates submitted in the Fee Proposals:-

	(II) [Notional man-hours for additional Services] (hr)	(III) [All-inclusive time charge rates for additional Services] (\$/hr)	(II) x (III) (\$)
Partners/Directors	20.00	1,500.00	30,000.00
Chief Professional Staff	50.00	1,000.00	50,000.00
Senior Professional Staff	120.00	800.00	96,000.00
Professional Staff	350.00	250.00	87,500.00
Assistant Professional Staff	200.00	150.00	30,000.00
	740.00		293,500.00
	(IV)		Σ[(II) x (III)]
“Staff rates for additional Services (professional staff)” → (I) = Σ[(II) x (III)] / (IV)			\$396.62/ man-hour
or <u>\$15,864.86/man-week*</u>			
Technical Staff	350.00 (IV)	100.00	35,000.00 Σ[(II) x (III)]
“Staff rates for additional Services (technical staff)” → (I) = Σ[(II) x (III)] / (IV)			\$100.00/ man-hour
or <u>\$4,000.00/man-week*</u>			

(*) conversion factor of 40.00 hours/week shall be adopted throughout the calculation.

(b) **Staff rates in lump sum fee**

The staff rates in lump sum fee worked out by consultants in “Table D” of the Fee Proposals for all stages are:-

Discipline	Man-Weeks		Fees (\$)	
	(A) Professional	(B) Technical	(C) Professional	(D) Technical
...
Total	870.00	360.00	10,500,000.00	1,000,000.00

“Staff rates in lump sum fee (Professional Staff)” = (C)/(A)
= \$10,500,000.00 / 870.00 man-week = **\$12,068.97/man-week**

“Staff rates in lump sum fee (Technical Staff)” = (D)/(B)
= \$1,000,000.00 / 360.00 man-week = **\$2,777.78/man-week**

2. “% Difference” between staff rates for additional Services and staff rates in lump sum fee - The “% Difference” shall be calculated according to the following formula:-

$$\% \text{ Difference} = \left[\begin{array}{c} \text{Staff rates for} \\ \text{additional} \\ \text{Services} \end{array} - \begin{array}{c} \text{Staff rates in} \\ \text{lump sum fee} \end{array} \right] / \left[\begin{array}{c} \text{Staff rates for} \\ \text{additional} \\ \text{Services} \end{array} \right]$$

Example

(a) “% Difference” between “staff rates for additional Services” and “staff rates in lump sum fee” are:-

(i) “% Difference”(Professional Staff) = [\$15,864.86 - \$12,068.97] / \$15,864.86 = **23.93%**

(ii) “% Difference”(Technical Staff) = [\$4,000.00 - \$2,777.78] / \$4,000.00 = **30.56%**

(b) The “% Difference” of both professional and technical staff are within the “Specified Percentage Range” of “-75.00% to +75.00%”. The submission is eligible for technical and fee assessment.

Worked Example of Technical and Fee Assessment of Consultants' Bids

Technical weighting = 70.00% and Fee weighting = 30.00%

1. Technical and Fee Proposals have been received from four consultants A, B, C and D. The Technical Proposals have been assessed, and the consultants are listed in order of technical points achieved, together with details of their respective Fee Proposals, as shown in the following table:

	Technical Points	Lump Sum (\$) (L)	Adjusted Notional Value (\$) for Additional Services (AN)	Notional RSS On-Cost Charges (\$) (AR)	Total Fee (\$) for Comparison = (L) + (AN) + (AR)
A	85.80	4,380,000.00	760,000.00	1,585,200.00	6,725,200.00
B	83.10	3,500,000.00	640,000.00	889,200.00	5,029,200.00
C	78.97	3,080,000.00	800,000.00	1,023,000.00	4,903,000.00
D	77.70	4,200,000.00	800,000.00	972,000.00	5,972,000.00

2. The first-ranked firm is compared with the second-ranked firm as follows:

Consultant	Technical Points	Total Fee	Comparison	
			Technical	Fee
A	85.80	6,725,200.00	$(85.80 - 83.10)/83.10 = 3.25\%$	$(6,725,200.00 - 5,029,200.00)/5,029,200.00 = 33.72\%$
B	83.10	5,029,200.00		

It is seen that A is technically 3.25% better than B, but 33.72% less advantageous than B on fee. The weighted technical advantage of A over B is $0.70 \times 3.25\%$, i.e. 2.27%. The weighted fee disadvantage of A compared to B is $0.30 \times 33.72\%$, i.e. 10.12%. The winner is therefore B.

Appendix IV

3. The winner is then compared with the third-ranked firm in a similar manner, thus:

Consultant	Technical Points	Total Fee	Comparison	
			Technical	Fee
B	83.10	5,029,200.00	$(83.10 - 78.97)/78.97$ = 5.23%	$(5,029,200.00 - 4,903,000.00)/$ 4,903,000.00 = 2.57%
C	78.97	4,903,000.00		

It is seen that B is technically 5.23% better than C, but 2.57% less advantageous than C on fee. The weighted technical advantage of B over C is $0.70 \times 5.23\%$ i.e. 3.66%. The weighted fee disadvantage of B compared to C is $0.30 \times 2.57\%$, i.e. 0.77%. The winner is therefore B.

4. As B is both technically better and more advantageous on fee than D, the final winner is therefore B.