

**Estimates of Consultants' Costs for Projects in
the Public Works Programme, for Capital Subvention Building Projects
and for Works-related Studies funded under the General Revenue Account**

(Adapted from Financial Circular No. 2/99)

Financial Circular No. 9/96 set out guidelines which Bureaux and Departments should follow to arrive at an estimate of consultants' costs for inclusion in funding submissions for capital works projects. These guidelines apply to Public Works Subcommittee (PWSC) papers dealing with projects or studies to be funded under the Public Works Programme and to subvented building projects funded under Head 708 of the Capital Works Reserve Fund (CWRP). They also apply to consultancies funded under delegated authority (Category D of the Public Works Programme) and to consultancies funded under the GRA, where appropriate.

2. The standard methodology for estimating consultants' costs as laid down in Financial Circular No. 9/96 remains, i.e. -

$$\left\{ \begin{array}{l} \text{Estimated} \\ \text{man-month} \\ \text{input(s)} \end{array} \right\} \times \begin{array}{l} \text{Relevant MPS} \\ \text{salary point(s)} \end{array} \times \begin{array}{l} \text{Relevant} \\ \text{Multiplier Factor(s)} \end{array} \left. \vphantom{\begin{array}{l} \text{Estimated} \\ \text{man-month} \\ \text{input(s)} \end{array}} \right\}$$

+ Estimated Out-of-Pocket Expenses = Total Consultancy Costs

3. With immediate effect, the standard multiplier factors used to calculate consultants' overhead costs should be revised as follows -

2.0 for staff employed in the consultant's offices

1.6 for site staff employed by the university

4. Accordingly, the Guidelines for Estimating Consultants' Fees and the
----- Breakdown of Estimates for Consultants' Fees have been updated at Enclosures 1 and 2 attached.

Guidelines for Estimating Consultants' Fees

An example of the Annex to PWSC Papers providing “Details of Consultant's Fees” is given in the table in Enclosure 2. The following steps should be taken in preparing the table:

- (a) Divide the duties intended to be carried out by the consultant’s staff into broad categories of work, e.g. detailed design, preparation of contract documents, and tender assessment, contract administration, resident site staff, etc.
- (b) Decide which professional and technical grade(s) of Government staff would be used if the works were to be undertaken in-house, and choose an appropriate average Master Pay Scale (MPS) point for each grade. (Note that the average MPS adopted for each grade may vary with the type and complexity of the project). The following are suggested as typical MPS points :

Professional	Pt. 38
Technical	Pt. 14

These MPS points would generally apply to larger consultancies where the consultant employs a range of professional and technical staff. For small consultancy assignments involving only one or two individuals, it may be more appropriate to adjust the MPS points to reflect the actual ranks and grades of the individuals. For example, if only two professional engineers are required at the rank of senior professional, it would be more appropriate to use MPS pt. 47.

- (c) Estimate the time input in man-months required for each grade of staff to accomplish each category of work. No allowance for leave should be made.
- (d) Arrive at an estimated consultant’s fee for the work by multiplying the monthly salary of the staff (equivalent to the MPS point chosen) by the man-months, and multiply by the factor F. This factor takes account of the consultant’s profit and overheads and allows for staff expenses such as housing, medical and education benefits, etc. The values of F to be used are :

2.0 for staff employed in the consultant’s office

1.6 for site staff employed by the university

- (e) Add any estimated out-of-pocket expenses not covered by the MPS multiplier factor.
- (f) Complete the notes at the foot of the table by stating the parameters used in arriving at the estimate.

EXAMPLE

Enclosure 2

Breakdown of estimates for consultants' fees and resident site staff costs (in September 2008 prices)

		Estimated Man- months	Average MPS* salary point	Multiplier (Note 1)	Estimated fees (\$ million)
(a) Consultants' fees for contract administration (Note 2)	Professional	--	--	--	1.1
	Technical	--	--	--	0.7
				Sub-total	<hr/> 1.8
(b) Resident site staff costs (Note 3)	Professional	207	38	1.6	20.0
	Technical	693	14	1.6	22.0
				Sub-total	<hr/> 42.0
Comprising:-					
(i) Consultants' fees for management of resident site staff					0.5
(ii) Remuneration of resident site staff					41.5
				Total	<hr/> 43.8

* MPS = Master Pay Scale

Notes

1. A multiplier of 1.6 is applied to the average MPS point to estimate the cost of resident site staff supplied by the consultants. (As at 1 April 2008, MPS pt. 38 = \$60,535 per month and MPS pt. 14 = \$19,835 per month.)
2. The consultants' staff cost for the contract administration and preparation of as-built drawings is calculated in accordance with the existing consultancy agreement. The construction phase of the assignment will only be executed subject to Finance Committee's approval to upgrade XXXX to Category A.
3. We will only know the actual man-months and actual costs after completion of the construction works.