

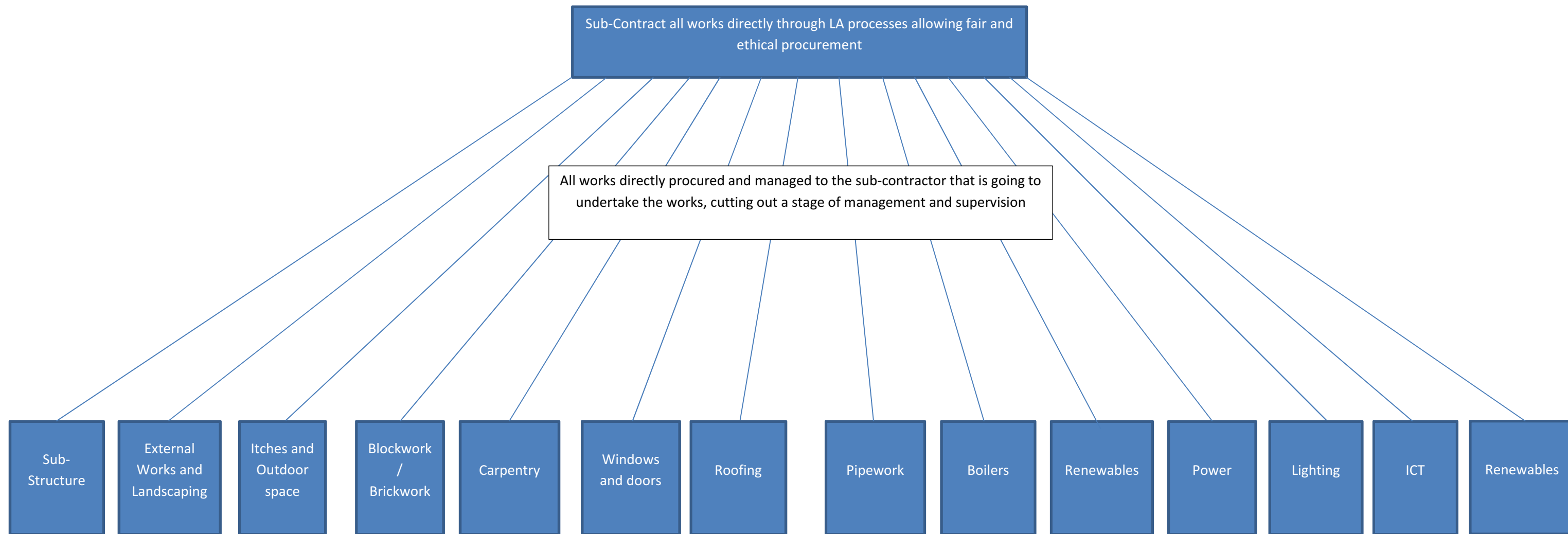
Construction Contract Charging Model (Example £1m contract)

In-House Built Environment Contract

Contract Start £1m

Management fee of 12% of the overall contract **£120k** (Remaining £880k)

(for management arrangements attendance on site and direct administration retained in-house)



On each occasion a contract is sub contracted the parent contractor takes 12% for the management, attendance and direct administration of that contractor. In this model the in-house contractor procures the work directly with the contractor that is to undertake the works and the amount of money that is spent on P&A on a £1m project would typically be in the region of £120k. In addition this process is within control of the LA and does support good procurement practice and encouragement/support of the local SME's. The amount of money spent on actual labour and materials is approx. 88% of the total project budget. Any surplus that remains at year end will go to support future projects within the authority.