

30 Jun 2021

Dear Sir/Madam,

## **PROVIDING CASHFLOW SUPPORT TO CONSULTANTS DUE TO IMPACT OF COVID-19**

This circular seeks the support from the Built Environment (BE) sector to provide cashflow support to consultants due to impact of COVID-19.

### Difficulties Faced by Consultants

2 COVID-19 has impacted the BE sector in an unprecedented way, resulting in construction project delays and increase in operating costs. As a key stakeholder of the construction value chain, consultants are also not spared from the impact brought about by COVID-19. Consultants have been affected in the following ways:

- a) Design Phase: Some construction projects at the design stage have been put on hold or have to be reviewed due to the COVID-19 situation. Consultants were asked to iterate design and conduct value-engineering in response to issues brought about by the pandemic during the period. This leads to additional works and consultants face difficulty in redeploying their staff to new projects as they are still expected to be fully committed to their existing contracts.
- b) Construction Phase: Notwithstanding that consultants could still work from home during the Circuit Breaker period from Apr to May 2020, the lengthening of construction contract period due to COVID-19 has affected consultants' cashflow. In particular, their payment milestones were stretched over a longer period of time as part of their payment is based on the proportion of progress payment paid out to contractors during construction stage. In addition, consultants had to assist in the evaluation and certification of contractors' ex-gratia claims and claims under the COVID-19 (Temporary Measures) Act.

3 To address the difficulties mentioned above, the Government has been providing the following support to consultants:

#### **a) Cashflow Support**

- Job Support Scheme (JSS): The JSS provides wage support to employers to help them retain their local employees (Singapore Citizens and Permanent Residents) by helping to offset local employees' wages and to help protect their jobs. Under the JSS, the Government co-funds a proportion of the first \$4,600 of gross monthly

wages paid to each local employee. Firms in the BE sector would have received JSS support from April 2020 to Jun 2021 based on the table below:

Period	JSS Support (i.e. % of first \$4,600 of gross monthly wages for local employees co-funded by Government)
Apr 2020 - Aug 2020	75%
Sep 2020 - Oct 2020	50%
Nov 2020 - Mar 2021	30%
Apr 2021 - Jun 2021	10%

#### b) Providing Further Support to Consultants

- Ex-gratia payments for evaluating/certifying COVID-related claims: As mentioned in the 'Circular on Ex-gratia Payment to Consultants for Evaluating/Certifying Contractors' COVID-related Claims' issued on 5 May 2021, government agencies would be providing ex-gratia payments to consultants for services rendered for the evaluation of contractors' COVID-19 related claims (see [Annex A](#) for details). ***Other BE sector clients such as private developers and contractors in Design and Build projects are encouraged to adopt similar ex-gratia payments to provide remuneration to their engaged consultants for additional services provided.***
- Providing additional cashflow support: As mentioned in the 'Circular on Facilitating Consultants' Cashflow due to Lengthened Project Duration' issued on 18 Mar 2021, guidelines were provided for ***government agencies to exercise greater flexibility in facilitating consultants' cashflow due to lengthened project duration*** (see [Annex B](#) for details). ***Clients could also take into consideration of other additional work scopes (apart from evaluation/certification of contractors' COVID-19 claims) taken on by consultants due to the evolving landscape of the current COVID-19 pandemic and longer contract period and provide compensation accordingly.***

#### Others & Clarifications

4 BCA would like to remind all employers to remain extra vigilant during this period and take the following steps:

- a) Adhere to safe management measures
- b) Ensure employees go for Rostered Routine Testing (RRT)
- c) Ensure that employees who are feeling unwell see the doctor immediately

5 For clarifications, please contact BCA at [www.bca.gov.sg/feedbackform/](http://www.bca.gov.sg/feedbackform/). Please visit BCA's COVID-19 webpage (<https://www1.bca.gov.sg/COVID-19>) and subscribe to BCA's Telegram channel (<https://t.me/BCASingapore>) for latest updates.

Thank you.

Yours faithfully

TAN CHEE KIAT  
GROUP DIRECTOR  
BUSINESS DEVELOPMENT GROUP  
for CHIEF EXECUTIVE OFFICER  
BUILDING AND CONSTRUCTION AUTHORITY

(Transmitted via email)

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## Annex A: Details of Ex-gratia Payment to Consultants for Evaluating Contractors' COVID-related Claims

Consultants are entitled to a one-off, ex-gratia payment for the following components as long as services have been rendered. Consultants which are involved in the scopes (typically the Superintending Officer (SO) and Quantity Surveyor (QS)) would be eligible for the remuneration. Nonetheless, government agencies would have the discretion to assess which other consultants (aside from SO & QS) have rendered the additional services. The payments are to be based on the quantum for each component as listed below. Consultants do not have to put up claims and government agencies may proceed to provide the ex-gratia payment upon the completion of services rendered. This approach aims to ease administration efforts of consultants to substantiate claims and to facilitate consultants' cashflow. Details of the payment quantum and recommended schedule for payment are as follows:

Table 1: Payment Quantum

		Component		
Role	Project Value	(a) Evaluation / Certification of COVID-related AP Claims	(b) Evaluation / Certification of COVID-related PC Claims	(c) Evaluation / Certification of COVID-related EOT Claims
QS	≤\$100M	\$1,000	\$3,450	NA
	>\$100M	\$1,000	\$6,150	NA
SO	≤\$100M	\$1,000	\$3,450	\$2,300
	>\$100M	\$1,000	\$6,150	\$4,100

Table 2: Schedule for Payment to Consultants

S/N	Component	Schedule of Disbursement
1	(a) Evaluation / Certification of COVID-related AP Claims	<ul style="list-style-type: none"> <li>Payment to be made upon completion of <b>evaluation/certification</b> of AP claims (i.e. not when AP has been recovered).</li> </ul>
2	(b) Evaluation / Certification of COVID-related PC Claims	<ul style="list-style-type: none"> <li>Payment to be made in no more than 2 tranches. In the event where both tranches have been completed, government agencies are allowed the flexibility to pay for both tranches together. <ul style="list-style-type: none"> <li><u>Tranche 1 (50%)</u>: Upon completion of <b>evaluation/certification</b> of at least 1 PC claim for the <b>period of 7 Apr 2020 – 6 Aug 2020</b></li> </ul> </li> </ul>

		<ul style="list-style-type: none"> <li>○ <u>Tranche 2 (50%)</u>: Upon completion of <b>evaluation/certification</b> of at least 1 PC claim for the <b>period from 7 Aug 2020 onwards</b></li> </ul>
3	(c) Evaluation / Certification of COVID-related EOT Claims	<ul style="list-style-type: none"> <li>• Payment to be made upon completion of <b>evaluation/certification</b> of EOT claims for delay arising from COVID-19, excluding the 122 days EOT under COTMA Part 8A and the common EOT of 49 days for delay due to loss of productivity from 7 Aug 2020 – 31 Dec 2020 under para 5 of the 'Circular on Simplified Claim Process for Extension of Time and Prolongation Costs in Public Sector Construction Contracts due to COVID-19 Events' issued on 27 April 2021.</li> </ul>

**Annex B: Details on Guidelines for Government Agencies to Facilitate Consultants' Cashflow due to Lengthened Project Duration**

The payment schedule for consultancy services is generally based on milestones pegged to consultants completing the stated scope of work. With the delay to construction projects, consultants' cashflow would correspondingly be affected as the payment milestones would be stretched over a longer period of time. As such, we have sought government agencies' support to **exercise greater flexibility in granting interim payments to consultants, where possible, especially when the duration between payment milestones is long**. This would help to provide some cashflow support to consultants during the anticipated lengthened project duration. For public projects, part of the payment for consultants at Construction Stage is typically based on equal monthly payments. **Notwithstanding that the project duration has been lengthened due to COVID-19, we have also sought government agencies' support not to reduce the original equal monthly payments or to recover any monthly payments already paid out to the consultants.**

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