



## Worked Example of Model Fee Payment Mechanism

### 1. Introduction

A worked example is provided below relating to a building project that was tendered as a percentage fee and a civil engineering project that was tendered as a lump sum fee. It would be helpful to have the current COE1 contract, FTS9 and COE Fee Adjustment Factor (COE-FAF) Methodology to hand when looking at this example.

The examples provided are structured with an emphasis on providing the reader with a good understanding of the intention of the fee payment mechanism in the COE1 Contract. It is acknowledged that fee payment structures vary across the government sectors and can be complex. The outlined approach can be adapted to suit the fee payment protocol in place in individual sectors on individual contracts.

The earliest that Inflation payments will become actionable in COE1/COE2 contracts are those with a tender submission date in Quarter 4 of 2024 which will give rise to earliest eligible inflation payments in **Quarter 4 of 2026**.

To facilitate the provision of worked examples, historical calculations of the COE-FAF will be used in this example. **The COE-FAF values used in the examples have no relevance to current or future contracts.**

The OGP will begin to publish COE-FAF values on the CWMF Website in October 2026 with reference to Relevant Quarter 4 and contracts with a First Adjustment Date falling between the 1<sup>st</sup> October 2026 and the 31<sup>st</sup> of December 2026. It is these values and continued published values that will be contractually relevant.

## 2.0 Building Project – Percentage Fee (only)

### 2.1 Project Description

This is a construction project to deliver a large secondary school. The Department of Education has prepared the Developed Project Brief for the school project in-house. Due to particular site constraints, design, and statutory planning risks it has been decided that Design Team input would be necessary to arrive at the definitive project brief.

While the scope of services requirements for secondary school projects are known, the scope of the construction project is not fully known. The Client has access to a multi-party framework for integrated design team using the COE1 contract. There are five design teams on the framework. The framework requires the Client to enter into individual contracts with each member of the integrated design team. Each team is made up of an Architect (as team lead), a Civil and Structural Engineer, a Mechanical and Electrical Engineer, a Quantity Surveyor and a PSDP.

The framework uses a mini competition to appoint a design team, a process that is similar to the second stage of the Restricted Procedure. Instructions to Tenderers ITTS 1b is chosen which relates to works related services with tendered time charges. The appointment is for Stages (ii) to (v) and given that the Definitive Project Brief has not been arrived at it is considered prudent to Tender as a percentage fee. The intention is to convert to lump sum at the end of Stage (ii a). This example will track fee payments to 'Murphy Architects' the Design Lead. Murphy Architects bid a Percentage Fee of 4.5%. The same principles would be applied to the individual COE1 contracts for each of the Design Team members.

**The Tender Submission Date = 20<sup>th</sup> February 2014**

The tender submission date can be used to determine the Base Date. Tender Submission to Base Date is the minimum fixed period with respect to inflation adjustment in a COE1 contract tendered as percentage fee. The [OGP COE-FAF tool](#) will automatically calculate the Base Date once the Tender Submission Date is inputted.

**The Base Date = 1<sup>st</sup> March 2016**

**Base Date** means the date that is the first day of the 25<sup>th</sup> month falling after the date that is 10 days before the last date of receipt of the Consultant's tender for the Services, or, if there was none, 10 days before the Client received the Consultant's tender for the Services.

On a percentage fee contract all that can be known at the outset is the minimum period that will be fixed in relation to inflation adjustment. So we can say this contract will be fixed at a minimum until 1<sup>st</sup> March 2016.

The tender assessment was undertaken and the Contract was executed with the winning design team during June 2014.

**Contract Execution Date = 15<sup>th</sup> June 2014**

**Instruction to commence Stage (ii a) = 1<sup>st</sup> July 2014**

The Instruction to Tenderers and Management Services in Schedule B of FTS9 indicated that conversion to lump sum would occur at end of Stage (ii a).

The relevant ICMS template and relevant elements (as listed below in Table 1) was used to report the cost estimate at the end of Stage (ii a)

Building Capital Cost Estimate at end of Stage (ii a) = €20 Million + VAT

As scheduled the percentage was applied to the estimate and converted to a lump sum.

Lump Sum Fee = €20,000,000 x 0.045 = €900,000

2	Construction Costs (CC)
2.01	Demolition, site preparation and formation
2.02	Substructure
2.03	Structure
2.04	Architectural works   Non-structural works
2.05	Services and equipment
2.06	Surface and underground drainage
2.07	External and ancillary Works
2.08	Preliminaries   Constructors' site overheads   general requirements
<i>Table 1</i>	

Stages fees before the fee adjustment factor has been applied are as Table 2 below:

Stage Name	Stage Duration	Fee Apportionment		Worked Example – Fee
		Stage (%)	Cumulative (%)	
Sub Stage (ii a) Design – Outline Sketch Scheme	6 Months (Scheduled) 7 Months (Actual)	16%	16% (€144,000 + VAT)	Payment on completion Sub-Stage (ii a)  €900,000 x 0.16 = €144,000 + VAT  <b>Note:</b> Percentage Fee applied to the estimate at end of Stage (ii a)
Sub-Stage (ii b) Design for Statutory Approval	12 Months (Scheduled) 15 Months (Actual)	15%	31% (€279,000 + VAT)	3 x Milestone payments of €35,000, €35,000, €65,000 (all + VAT)  €900,000 x 0.15 = €135,000 + VAT
Sub-Stage (ii c) Detailed Design and Tender Document Preparation	9 Months (Scheduled) 9 Months (Actual)	20%	51% (€459,000 + VAT)	3x Milestone payments of €50,000, €50,000, €80,000 (all + VAT)  €900,000 x 0.20 = €180,000 + VAT

Stage Name	Stage Duration	Fee Apportionment		Worked Example – Fee
		Stage (%)	Cumulative (%)	
Stage (iii) Tender Action, Evaluation and Award	9 Months (Scheduled) 11 Months (Actual)	5%	56% (€504,000 + VAT)	Stage Payment €900,000 x 0.05 = €45,000 + VAT
Stage (iv) Construction Stage	24 Months (Scheduled) 26 Months (Actual)	40%	96% (€864,000 + VAT)	24 x €15,000 payments (all + VAT) €900,000 x 0.40 = €360,000 + VAT
Stage (v) Handover Stage	12 Months	4%	100% (€900,000 + VAT)	Stage Payment €900,000 x 0.04 = €36,000 + VAT

*Table 2*

Stage/Sub-Stage commencement Instruction Dates and actual completion dates for this example project are provided in the table below.

Stage/Sub Stage	Stage Start Date (Client Instruction)	Stage Finished Date	Delay
(ii a) (1 Invoice)	1 <sup>st</sup> July 2014	1 <sup>st</sup> February 2015*	1 month delay not due to consultant.
(ii b) (3 Invoices)	1 <sup>st</sup> March 2015	1 <sup>st</sup> June 2016	3 months delay not due to consultant
(ii c) (3 Invoices)	1 <sup>st</sup> July 2016	1 <sup>st</sup> April 2017	As scheduled
(iii) (1 Invoice)	1 <sup>st</sup> June 2017	1 <sup>st</sup> May 2018	2 month delay due to consultant
(iv) (24 Invoices)	1 <sup>st</sup> January 2019	1 <sup>st</sup> March 2021	2 month delay not due to consultant
(v) (1 Invoice)	1 <sup>st</sup> March 2021	1 <sup>st</sup> March 2022	As scheduled

*Table 3*

\* 1<sup>st</sup> February 2015 is the Percentage Fee Conversion Date – This is a significant date for inflation adjustment.

On contracts tendered as a percentage fee the First Adjustment Date with respect to inflation is the later of the Base Date and the Percentage Fee Conversion Date. This is outlined in FTS9. The Base Date can be determined at the beginning of the contract using the tender submission date, the Percentage Fee Conversion Date is contract specific. The OGP tool will compare the dates to arrive at the First Adjustment Date.

Base Date = 1<sup>st</sup> March 2016

Percentage Fee Conversion Date = 1<sup>st</sup> February 2015

As the Base Date occurs later than the Percentage Fee Conversion Date in this case,

Base Date = First Adjustment Date = 1<sup>st</sup> March 2016

Relevant Quarter = Quarter 1

<b>Indexation Year</b>	<b>Period</b>
<b>Fixed Period</b> Stage (ii a) was performed during fixed period Stage (ii b) Milestone 1 and Milestone 2 and 30% of Milestone 3	1 <sup>st</sup> July 2014 to 29 <sup>th</sup> February 2016
<b>First Indexation Year</b> (ii b) 70% of Milestone 3 (ii c) Milestone 1, Milestone 2, 70% Milestone 3	1 <sup>st</sup> March 2016 to 28 <sup>th</sup> February 2017
<b>Second Indexation Year</b> (ii c) 30% Milestone 3 (iii) 80% Stage	1 <sup>st</sup> March 2017 to 28 <sup>th</sup> February 2018
<b>Third Indexation Year</b> (iii) 20% Stage (iv) 2 Invoices	1 <sup>st</sup> March 2018 to 28 <sup>th</sup> February 2019
<b>Fourth Indexation Year</b> (iv) 12 Invoices	1 <sup>st</sup> March 2019 to 29 <sup>th</sup> February 2020
<b>Fifth Indexation Year</b> (iv) 10 Invoices	1 <sup>st</sup> March 2020 to 28 <sup>th</sup> February 2021
<b>Sixth Indexation Year</b> (v) 1 Invoice	1 <sup>st</sup> March 2021 to 28 <sup>th</sup> February 2022
<i>Table 4</i>	

The Client must inform the consultant when known of the First Adjustment Date and consequently the date range of each indexation year for the contract. Consultants, when submitting draft invoices, must indicate within which Fixed Period and/or Indexation Year(s) the services were performed.

This will facilitate the Client checking the timeline and advising the Consultant on the appropriate COE-FAF. Client Project Managers should ensure that sufficient tracking is being undertaken through receipt of progress reports and programme, progress meetings and sight of drafts and services in progress to verify when services were completed.

Fee adjustment is paid with reference to when the services were performed regardless of when the related draft invoice is submitted to the Client for approval to submit Invoice for payment. For the purposes of this example, it is assumed that the Consultant has submitted draft invoices for approval that indicate the Fixed period or indexation year(s) the service was performed during and that the Client has approved that the service has been performed satisfactorily and that they agree that it was performed as outlined by the Consultant.

The OGP will publish the COE-FAF annually for the four Relevant Quarters for First and Subsequent indexation Years. The OGP tool can be used to determine the First Adjustment Date, relevant quarter and COE-FAF of individual contracts. The OGP has produced a step-by-step video presentation tutorial on selection of the appropriate COE-FAF and utilising the OGP tool, that is available [here](#).

The table below shows what the COE-FAF table might look like once the mechanism has been in operation for 10 years or so. In the case of this example the Base Date falls during Q1 2016. So Q1 is the Relevant Quarter and Q1 tables will apply to this contract. The relevant line of the table is highlighted in yellow. The values will be published annually COE-FAF of 1.00 in the first adjustment year, 1.00 in the second adjustment year, 1.01 in the third adjustment year etc.

Base Date Falling Within	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Q1-2014	1.00	1.00	1.00	1.00	1.01	1.03	1.05	1.07	1.11	1.14	1.17
Q1-2015		1.00	1.00	1.00	1.01	1.03	1.05	1.07	1.10	1.13	1.17
Q1-2016			1.00	1.00	1.01	1.03	1.04	1.07	1.10	1.13	1.17
Q1-2017				1.00	1.01	1.03	1.05	1.07	1.10	1.13	1.17
Q1-2018					1.01	1.03	1.04	1.07	1.10	1.13	1.17
Q1-2019						1.02	1.04	1.06	1.10	1.13	1.16
Q1-2020							1.02	1.05	1.08	1.11	1.15
Q1-2021								1.03	1.06	1.09	1.13
Q1-2022									1.03	1.06	1.10
Q1-2023										1.03	1.07
Q1-2024											1.04

Table 5

The table below shows the indexation year dates and associated COE-FAF on this contract.

Indexation Year	Relevant Quarter	Start Date	End Date	COE FAF
First Indexation Year	Q1	1/3/2016	28/2/2017	1.00
Second Indexation Year	Q1	1/3/2017	28/2/2018	1.00
Third Indexation Year	Q1	1/3/2018	28/2/2019	1.01
Fourth Indexation Year	Q1	1/3/2019	28/2/2020	1.03
Fifth Indexation Year	Q1	1/3/2020	28/2/2021	1.04
Sixth Indexation Year	Q1	1/3/2021	28/2/2022	1.07

Table 6

The table below tracks expenditure through the contract. In reality this process would be undertaken on an invoice by invoice basis through the duration of the contract. As illustrated some services may straddle more than one inflation adjustment period.

Invoice	Fee (Exclusive VAT)	Inflation Adjusted Fee (Exclusive VAT)	Inflation Payment (Exclusive VAT)	Adjusted Fee (Exclusive VAT)
Stage (ii a)	€144,000	Fixed Period	€0 – Fixed	€144,000
Stage (ii b) MS1*	€35,000	Fixed Period	€0 – Fixed	€35,000

Invoice	Fee (Exclusive VAT)	Inflation Adjusted Fee (Exclusive VAT)	Inflation Payment (Exclusive VAT)	Adjusted Fee (Exclusive VAT)
Stage (ii b) MS2	€35,000	Fixed Period	€0 – Fixed	€35,000
Stage (ii b) MS3	€65,000	Fixed Period	€0 – Fixed	€65,000
	€19,500	1.00 x €45,500	€0 – IY1**	
Stage (ii c) MS1	€50,000	1.00 x €50,000	€0 – IY1	€50,000
Stage (ii c) MS2	€50,000	1.00 x €50,000	€0 – IY1	€50,000
Stage (ii c) MS3	€80,000	1.00 x €56,000	€0 – IY1	€80,000
	€24,000	1.00 x €24,000	€0 – IY2	
Stage (iii) Stage Payment	€36,000	1.00 x €36,000	€0 – IY2	€45,000***
	€9,000 Consultant Delay	1.00 x €9,000 or 1.01 x €9,000	€0 – IY3	
Stage (iv) Invoice 1	€15,000	1.01 x €15,000	€150 – IY3	€15,150
Stage (iv) Inv. 2	€15,000	1.01 x €15,000	€150 – IY3	€15,150
Stage (iv) Inv.3	€15,000	1.03 x €15,000	€450 – IY4	€15,450
Stage (iv) Inv. 4	€15,000	1.03 x €15,000	€450 – IY4	€15,450
Stage (iv) Inv.5	€15,000	1.03 x €15,000	€450 – IY4	€15,450
Stage (iv) Inv.6	€15,000	1.03 x €15,000	€450 – IY4	€15,450
Stage (iv) Inv.7	€15,000	1.03 x €15,000	€450 – IY4	€15,450
Stage (iv) Inv.8	€15,000	1.03 x €15,000	€450 – IY4	€15,450
Stage (iv) Inv.9	€15,000	1.03 x €15,000	€450 – IY4	€15,450
Stage (iv) Inv.10	€15,000	1.03 x €15,000	€450 – IY4	€15,450
Stage (iv) Inv.11	€15,000	1.03 x €15,000	€450 – IY4	€15,450
Stage (iv) Inv.12	€15,000	1.03 x €15,000	€450 – IY4	€15,450
Stage (iv) Inv.13	€15,000	1.03 x €15,000	€450 – IY4	€15,450
Stage (iv) Inv.14	€15,000	1.03 x €15,000	€450 – IY4	€15,450
Stage (iv) Inv. 15	€15,000	1.04 x €15,000	€600 – IY4	€15,600
Stage (iv) Inv. 16	€15,000	1.04 x €15,000	€600 – IY5	€15,600
Stage (iv) Inv. 17	€15,000	1.04 x €15,000	€600 – IY5	€15,600
Stage (iv) Inv. 18	€15,000	1.04 x €15,000	€600 – IY5	€15,600
Stage (iv) Inv. 19	€15,000	1.04 x €15,000	€600 – IY5	€15,600
Stage (iv) Inv. 20	€15,000	1.04 x €15,000	€600 – IY5	€15,600
Stage (iv) Inv. 21	€15,000	1.04 x €15,000	€600 – IY5	€15,600
Stage(iv) Inv. 22	€15,000	1.04 x €15,000	€600 – IY5	€15,600
Stage (iv) Inv. 23	€15,000	1.04 x €15,000	€600 – IY5	€15,600
Stage (iv) Inv. 24	€15,000	1.04 x €15,000	€600 – IY5	€15,600
Stage (v) Stage	€36,000	1.07 x €36,000	€2,520 – IY6	€38,520
<b>Cumulative Totals</b>			<b>€14,310</b>	<b>€914,310</b>

Table 7

\*MS = Milestone

\*\* IY1, IY2 etc = Indexation Year 1, Indexation Year 2 etc.

\*\*\* **Consultant Delay** - These services were not undertaken within the scheduled time period. The delay was caused by the Consultant. Clause 9 <sup>14</sup> *Where the performance of any element(s) of the Services are delayed due to the Consultant's breach of contract, the Consultant's entitlement to an adjustment to the Fee for inflation for those elements of the Services so delayed shall be calculated by reference solely to the lower of the COE Fee Adjustment Factor. In this case the factors are 1.0 and 1.01 so the lower is 1.0. Thus the payment of €90 would not be made in this case.*

### 3.0 Civil Engineering Project – (lump sum)

#### 3.1 Project Description

There is a Civil Engineering Project, the consultant is a single point design team from a multi-disciplinary consultancy company. The project was tendered as a lump sum for Stage (i). The project had a lump sum fee of €100,000 + VAT. While a single stage payment usually pertains to Stage (i) services, the Client has decided to allow for a milestone payment of €40,000+VAT on the approved options report and a second payment on the submission of satisfactory Stage (i) documents.

**Tender Submission Date** = 10<sup>th</sup> March 2019

The tender submission date can be used to determine the Base Date. Tender Submission to Base Date is the fixed period with respect to inflation adjustment in a COE1 contract tendered as lump sum. The OGP COE-FAF tool will automatically calculate the Base Date once the Tender Submission Date is inputted.

**The Base Date** = First Adjustment Date = 1<sup>st</sup> April 2021

**Relevant Quarter** = Quarter 2 (Q2)

**Base Date** means the date that is the first day of the 25<sup>th</sup> month falling after the date that is 10 days before the last date of receipt of the Consultant’s tender for the Services, or, if there was none, 10 days before the Client received the Consultant’s tender for the Services. The stage services breakdown is outlined below.

Stage Name	Stage Duration	Fee Apportionment		Worked Example – Fee
		Stage (%)	Cumulative (%)	
Stage (i) Options Report	18 Months Milestone on completion of options report	40%	40%	€40,000 + VAT
	Provision of approved Stage (i) Documents	60%	100%	€60,000 + VAT

*Table 8*

First Adjustment Date and relevant quarter on lump sum contracts can be calculated once the tender submission date is known. The fixed period in the contract extends from the first instruction to commence stage/sub-stage until the First Adjustment Date. The OGP tool will allow calculation of the First Adjustment Date and the COE-FAF for each Indexation Year.



Stage/Sub Stage	Stage Start Date (Client Instruction)	Stage Finished Date	Delay
(i) (Milestone Invoice)	1 <sup>st</sup> September 2019	1 <sup>st</sup> July 2020	N/A
(i) (Stage Completion Invoice)	1 <sup>st</sup> August 2020	1 <sup>st</sup> June 2021	3 Month Delay during contract <u>not</u> due to Consultant Breach.

Table 9

The relevant COE-FAF values for the example contract are highlighted in yellow in the table below. The milestone element of the contract is completed before the Base Date and so is not eligible for inflation adjustment. An unexpected delay occurred following completion of the options report. This resulted in the consultant commencing the second part of Stage (i) later than programmed.

Invoice	Fee (Exclusive VAT)	Inflation Adjusted Fee (Exclusive VAT)	Inflation Payment (Exclusive VAT)	Adjusted Fee (Exclusive VAT)
Stage (i) Milestone	€40,000	Fixed Period	€0 – Fixed	€40,000
Stage (i b) Payment	€60,000	€40,000	Fixed Period	€0 – Fixed
		€20,000	1.02 x €20,000	€400

Table 10

The delay caused an element of the Stage services to be completed in Index Year 1 later than scheduled through no fault of the Consultant. This would result in a payment of an additional €400 + VAT to the Consultant based on a COE-FAF of 1.02.

Base Date Falling Within	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Q2-2014	1.00	1.00	1.00	1.00	1.01	1.03	1.05	1.08	1.11	1.14	1.18
Q2-2015		1.00	1.00	1.00	1.01	1.03	1.05	1.07	1.11	1.14	1.18
Q2-2016			0.95	1.00	1.01	1.03	1.05	1.07	1.11	1.14	1.18
Q2-2017				1.00	1.01	1.03	1.05	1.08	1.11	1.14	1.18
Q2-2018					1.01	1.03	1.05	1.07	1.11	1.14	1.18
Q2-2019						1.02	1.04	1.06	1.10	1.13	1.17
Q2-2020							1.02	1.05	1.08	1.11	1.15
Q2-2021								1.02	1.06	1.09	1.13
Q2-2022									1.04	1.07	1.11
Q2-2023										1.03	1.07
Q2-2024											1.04

Table 11

#### 4. Lump Sum and Percentage Fee Contracts

The COE1 contract facilitates the scheduling of some stages as lump sum and others as percentage fee in a single contract. A full lifecycle appointment should only be countenanced on straightforward projects. Where it is envisaged to use this approach, the Client must either prepare themselves or procure a consultant to prepare the Preliminary Project Brief within Stage (i). This is the minimum that is needed to facilitate a full lifecycle appointment for the remainder of Stage (i) and Stages (ii) to (v). Stage (i) should always be tendered as a lump sum, Stage (ii) in this case may be tendered as a percentage fee as the definitive project brief would be yet to be fully developed.

From an inflation adjustment perspective, the First Adjustment Date relating to lump sum applies for the element of the fee scheduled as lump sum. In this case at the outset of the project the First Adjustment Date could be determined for the lump sum portion using the tender submission date. Only those Stage (i) services performed after the First Adjustment Date (if any) with reference to the lump sum would be eligible for inflation adjustment.

Stage (ii) Services would be eligible for inflation on the later of the Base Date and the Percentage Fee Conversion Date.

It would be unusual for a percentage fee to proceed a stage with a lump sum. One scenario where it may arise is on a Contractor-Designed contract where the initial sub-stages of Stage (ii) were scheduled as a percentage fee and the Client's consultant through the subsequent Contractor-Designed contract (stages (iv) & (v)) was scheduled as a lump sum. In that case the First Adjustment Date for the percentage fee element would be the later of the Base Date and the Percentage Fee Conversion Date. For the element of the fee that was tendered as lump sum, inflation adjustment is approached as per lump sum example in Section 3.

## 5. Client Changes

Client's Changes may be instructed by the Client on lump sum contracts and on percentage contracts that have been converted to lump sum. In the exceptional case where application of the percentage fee is used, Client Changes can be instructed only after application of the percentage fee after working design before preparation of the tender documents. In the case of a percentage fee, there is no mechanism in the contract to facilitate instruction of Client's Change before the conversion to lump sum or application of the percentage fee. An additional service associated with a Client Change that does not result in any change to the estimated value of the works would not be compensated where a percentage fee is current.

### 5.1 Client's Changes – Lump Sum, Lump Sum by conversion

Client's Changes are instructed by the Client, this can relate to an increase or decrease in scope. In the case of an increase in scope, a scope of services reflective of the additional service involved should be issued to the Consultant. Additional scope should have been anticipated insofar as is possible in the client risk register and anticipated in the scope of service, an appropriate budget allowance should have also been made. The Client has the option to seek a fee proposal in form of a pro-rata fee increase or calculated hourly rates or tendered time charges depending on which was chosen at the time of tender. In the case of tendered time charge, depending on the CWMF stage, tendered time charges can be applied to an estimate of the time required to arrive at a lump sum for the Client Change or tendered time charges are applied to the actual time.

Calculated time charges are calculated at time of change instruction or as indicated in the Management Services in the FTS9 for the particular contract using the formula in ITTS1a and ITTS2a (Section 5.5 Pricing). As calculated time charges are arrived at using current salary information, they are not eligible for inflation adjustment.

In the case of Client's changes arrived at using tendered time charges or through pro-rata of a scheduled lump sum, the fee associated with the Client Change should be agreed based on scheduled rates and recorded. These fees may be eligible for inflation adjustment depending on when the services related to the change are undertaken. The same approach is taken for these elements of the fee as outlined above. Inflation adjustment is considered and applied with reference to when the service was undertaken and advised by the Client at the time the invoice is processed once the services

relating to the change have been performed satisfactorily. In the case of a contract where the lump sum was scheduled, the First Adjustment Date is the Base Date. In the case of a percentage fee that is later converted to a lump sum the First Adjustment Date is the later of the Base Date and the Percentage Fee Conversion Date.

## **5.2 Client's Changes – Percentage Total Fee**

In the exceptional case where Percentage Fee might be applied (Clause 97,8) rather than converted to a lump sum and a Client Change (Clause 118,9) follows that gives rise to an increase in capital cost, the fee for each of the scheduled stages is updated. The Percentage Total Fee not already paid to the Consultant is eligible for inflation adjustment with reference to the First Adjustment Date, which in this case is the later of the Base Date and the Percentage Fee Application date. Inflation adjustment is determined with reference to when the service was performed regardless of when the invoice is submitted.

**[END]**