

TENDER PRICING, COST CONTROL AND CASHFLOW FORECAST GUIDANCE

Tendering

Tendering in construction can be defined as the *process by which bids are invited from interested contractors to carry out specific packages of construction work*. Tender documentation is based upon drawings, specification and Bills of Quantities, Approximate Quantities or Without Quantities.

In practice, the tendering process can be the area which some subcontractors struggle to complete as they are unsure of how to price the works. This guide will provide the logic required to complete a tender submission.

For the purpose of this guide, we will assume that this is a price submission only for the installation of underground drainage and that a Bill of Quantities has been provided by the client.

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Bill of Quantities (BoQ)

An example of a BoQ is shown:

Description	Qty	Unit	Rate	£ p	Notes
Excavating trenches: including all necessary earthwork support, disposal of surplus excavated material and the like: backfilling above beds and surrounds with type 1 granular sub-base material, to DOT.					
For pipes					
Not exceeding 200mm nominal size; average depth 1250mm	161	m			
Not exceeding 200mm nominal size; average depth 1500mm	9	m			
Not exceeding 200mm nominal size; average depth 1750mm	44	m			
Granular material: Class S Granular bedding and surround material to Clause B12:370: natural coarse aggregate to Clause 667: size 4/10: for nominal pipe diameter 200mm and 150mm.					
Beds and surrounds					
450 x 450mm thick; to 200mm diameter pipe	214	m		Included	
B DISPOSAL SYSTEMS					
B12 DRAINAGE BELOW GROUND					
Clay pipework, or similar to suit pipe size					
Pipes					
200mm nominal size; in trenches	214	m		0.00	
Total					

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BOQ Analysis

It is important to review the BOQ, drawings and scope provided by the client to ensure that there are not any discrepancies between the documents, as this could impede the costs later on in the project (if the tender is successful). If there are discrepancies, highlight these in the assumptions / clarifications sections of the tender return document.

The narrative provided in the first section of the BOQ outlines the requirements for pricing, which has multiple items to consider. It states “Excavating trenches; including all necessary earthwork support, disposal of surplus excavated material and the like; backfilling above beds and surrounds with type 1 granular sub-base material, to DOT”.

This means that the subcontractor must make allowances in his price for;

- Excavation technique – Supply of machinery to carry out the dig safely store spoil or dispose appropriately (it would be prudent to include hazardous materials risk allowance or omission in the price). Moreover, the deeper the trench, the longer it will take to dig which will impact the duration of the project and increase labour and plant costs.
- Ground supports – To accommodate a minimum depth of 1250mm to a maximum pipe depth of 1750mm including the installation time and hire period costs.
- Backfill the pipe bed and surround with type 1 granular sub-base to DOT. Equivalent to the time and labour requirement for the excavation in the first bullet point, the material cost will increase as the trench deepens from 1250mm to 1500mm to 1750mm.

All of the above bullet points should also include overhead and profit.

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The second section of the BOQ states; “Granular material; Class S Granular bedding and surround material to Clause R12:370; natural coarse aggregate to Clause 667; size 4/10; for nominal pipe diameter 100mm and 150mm; Beds and surrounds”.

In this section, the subcontractor should also assume that the cost for ground supports remain as the ground will be excavated to the same depths as described in section 1. Additionally, the plant/machinery will remain on site (unless off hired) for the project programme, therefore we must include this within the rates and include OHP within the rate.

The third section of the BOQ states “R DISPOSAL SYSTEMS R12 DRAINAGE BELOW GROUND Clay pipework, or similar to suit pipe size Pipes.” This means that the subcontractor must make allowances in his price for;

- Cost of 214m new pipe clay pipe or similar (pipe type as per section 3 of the BOQ).
- Pipe fittings associated installing the pipe. (e.g. bends, junctions and branches/tapers/double collars/adaptors/glands/bell mouths/straight specials).
- Pipe valves associated with the installation of the pipe. (e.g. gate valves: hand operated /power operated/ Non-return valves / butterfly valves/Air Valves / pressure reducing valves / penstocks).
- The labour and plant time to install the new pipe.
- Overhead and profit.

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Rates Build Up

There is not industry standard set of rates that apply across the board, apart from VAT! Each rate is individual to that company and project for a number of reasons affecting the rates being;

- Geographical location – Labour and materials are usually more expensive in London oppose to the Northern regions.
- Travel allowance – Depending on the location of the project, the subcontractor will encounter travel costs. This may include overnight accommodation and subsidence in some circumstances.
- Labour cost (all-in labour rate) – A build-up of costs from the operatives wages plus statutory costs such as national insurance, PAYE etc. The type of skilled labour required (e.g blue/black/gold CSCS holders will do different level of job and be paid differently). The number of operatives in the team required for the project will affect the rates and the time it will take for them to carry out an activity or section of the works. There is subcontracted alternative which would exclude national insurance and statutory costs etc, but the premium's will more than likely be higher.
- Material costs – The cost of materials to purchase plus delivery, unloading and storage and allowances for wastage (location variable).
- Plant costs – The hire cost of mechanical plant (or owned plant) plus delivery to site, operating costs (drivers and fuel).
- Overheads.
- Profit.

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Calculating Profit Margins – Common Mistakes

- Gross profit vs net profit - Gross profit is the total revenue minus the direct costs of the project (labour, plant and materials). However, net profit is the gross profit less all other expenses and determines the final earnings or losses in a given period.
- Account for **all** direct costs involved in a project to record an accurate margin.
- Adjustment for market conditions – supply and demand will impact the profit margin. For example, the price of materials post Brexit impacted construction materials across the UK. It would be prudent to monitor the market conditions and do not assume that the procurement rate of material will not fluctuate as you will incur the cost!

Contract Documents

The importance of reviewing the contract data is vital because most clients will implement a caveat clause or alike that subcontractor is deemed to have read and accepted the information provided, should a discrepancy have occurred it should be notified at tender stage. This risk may transfer to the subcontractor to carry the cost of change. Therefore, it is essential that the risk is mitigated via assumptions/clarifications/exclusions when returning the tender doc, the tip is to record these down as you are pricing the item.

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Pricing Principles

Pricing from first principles is the process to estimate the cost of a project based on all the parts and activities needed to put it together. Items to consider include:

Materials

- Supply
- Quantities
- Waste
- Delivery

Labour

Labour charge-out rates and costs

- Productive time
- Non-Productive labour
- Labour constants;

Plant

Plant refers to owned or hired equipment, machinery, ground supports etc.

Items of plant have a cost of their own, to keep and run, including:

- Capital cost and finance
- Depreciation
- Repairs, replacements, and servicing
- Consumables – diesel, petrol, oil
- Delivery, transport
- Non-productive time
- Licenses, insurance and registration
- Specialist operators / supervision (occasionally)

Overheads and Profit

Sundries

Minor costs such as mortar and fixings but are still a cost to the business and should always be considered when establishing unit rate work.

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Pricing Example

Labour / Gang Rate The first costs you need to consider are your labour costs, usually the labour force work in teams to complete the work, but the principles will still work if they work individually like engineers. You may use more than one gang ratio for the works so you will need to calculate the rate for each gang make up. Also if the gang / labour use set items of plant you may wish to add these into the gang cost. Ensure that the costs you are entering are the full costs to the company i.e plant includes up keep & insurance and for labour it is the full cost to employ. Please refer to the example below:

Item	Rate	
Excavator Driver	210	
Pipelayer	200	
dumper driver	180	
Van	60	
Van fuel	100	
13T excavator	114	Owned
9T dumper	70	Owned
Fuel	100	
Total	1034	

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Labour / Gang costs per item

Once the gang costs have been calculated, the next step is to calculate the labour / gang cost per rate / item. To calculate this the productivity of the gang is required / estimated.

The gang type is selected for each item (this is for instances where you have more than one type of gang). Next the associated gang cost is entered into the BoQ and this is followed by the productivity of the item for the gang, i.e. how much of the item and or measure will be completed in a day. In the example below it can be seen that the gang are expected to achieve 50m per day of the 200mm pipe at a depth of 1.25m, the productivity then reduces to 40m per day and then 25m per day as the depth increases.

The cost calculation to establish the gang cost as a rate is:

$$\frac{\text{Gang cost per day}}{\text{Productivity}} = \text{Gang cost per item rate}$$

This rate is then used to calculate the complete rates further on.

Description	Qty	Unit	Rate	£ p	Notes	Gang Type	Gang Rate	Productivity	Cost pm
necessary earthwork support, disposal of surplus excavated material and the like: backfilling above beds and surrounds with type 1 granular sub-base material, to DOT.									
For pipes									
Not exceeding 200mm nominal size; average depth 1250mm	161	m				Pipelaying	1034	50	20.68
Not exceeding 200mm nominal size; average depth 1500mm	9	m				Pipelaying	1034	40	25.85
Not exceeding 200mm nominal size; average depth 1750mm	44	m				Pipelaying	1034	25	41.36
bedding and surround material to Clause R12: 370: natural coarse aggregate to Clause 667: size 4/10: for nominal pipe diameter 100mm and 150mm.									
Beds and surrounds									
450 x 450mm thick; to 200mm diameter pipe	214	m		Included		Pipelaying	1034	150	6.89
R DISPOSAL SYSTEMS									
R12 DRAINAGE BELOW GROUND									
Clay pipework, or similar to suit pipe size									
Pipes									
200mm nominal size; in trenches	214	m		0.00		Pipelaying	1034	200	5.17
Total									

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Materials

To calculate the materials it is recommended that the BoQ is extended out and the materials are calculated per measurement unit in the bill, i.e liner meter, square meter etc. More than one material maybe needed per item and the same materials maybe used for several items. Dimensions and areas may also be required to calculate the material costs, such as volumes etc.

The material costs in this example are not the total cost but the cost per meter, as per the BoQ.

Description	Qty	Unit	Rate	C p	Notes	Materials								
						volume p/m	Disposal at E27.5 p/m3	backfill volume	Cost at E44 p/m3	Cost at E55 p/m3	pipe at 15 p/m	total material cost		
necessary earthwork support, disposal of surplus excavated material and the like: backfilling above beds and surrounds with type 1 granular sub-base material, to D01.														
For pipes														
Not exceeding 200mm nominal size; average depth 1250mm	161	m				0.68	18.56	0.53	23.10					41.66
Not exceeding 200mm nominal size; average depth 750mm	9	m				0.80	22.00	0.65	28.60					50.60
Not exceeding 200mm nominal size; average depth 750mm	44	m				0.93	25.44	0.78	34.10					59.54
bedding and surround material to: Clause B32-379: natural coarse aggregate to Clause B67: size 4/10; for nominal pipe diameter 100mm and 150mm.														
Beds and surrounds														
450 x 450mm thick; to 200mm diameter pipe	24	m			Included	0.15				8.25				8.25
B DISPOSAL SYSTEMS														
R12 DRAINAGE BELOW GROUND														
Clay pipework, or similar to suit pipe size														
Pipes														
200mm nominal size; in trenches	24	m			0.00								15.00	15.00
Total														

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Final Pricing

The final part of this tendering process is to add all of the different cost heads together, enter any individual costs like a specific item of plant needed for an activity i.e. ground support etc and then add on your overhead (remember that this a fixed percentage) and then the profit percentage which you want to recover.

From this example you can see that all of the rates have calculated and that the overhead percentage is fixed, whereas the profit can be varied.

Description	Qty	Unit	Rate	£ p	Notes	Gang Cost	Plant	Material	Subcontract	Sub-total	Add Overhead	Sub-total	Add Profit	Total Rate
necessary earthwork support, disposal of surplus excavated material and the like; backfilling above beds and surrounds with type 1 granular sub-base material, to DOL											14.50%		10.00%	
Ear pipes														
Not exceeding 200mm nominal size; average depth 1250mm	161	m	70.52		12,641.70	20.60		41.66		62.34	9.04	71.38	7.14	78.52
Not exceeding 200mm nominal size; average depth 750mm	9	m	96.29		866.60	25.05		90.60		76.45	11.09	87.54	8.75	96.29
Not exceeding 200mm nominal size; average depth 1750mm	44	m	134.24		5,905.41	41.36	5.60	93.54		106.50	15.45	122.03	12.20	134.24
bedding and surround material to, Clause B12.370; natural coarse aggregate to Clause 662; size 4/10; for nominal pipe diameter 300mm and 350mm;														
Beds and surrounds														
450 x 450mm thick; to 200mm diameter pipe	214	m	19.07		4,081.63	6.89		8.25		15.14	2.20	17.34	1.73	19.07
B DISPOSAL SYSTEMS														
B12 DRAINAGE BELOW GROUND														
Clay pipework, or similar to suit pipe size														
Pipes														
200mm nominal size; in trenches	214	m	26.29		5,625.41	5.17	0.70	15.00		20.87	3.03	23.90	2.39	26.29
Total					29,121.83									

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Advantages

There are many advantages in tendering in this way, some of the key points are listed below:

- You will know what your expected profit margin is for the works, where as if you utilise a 'set' of industry rates you have no idea, what profit percentage is built into them.
- By bottom up pricing you will have your overhead costs covered within your tender rates.
- You will have specific allowances for each material cost and will be able to compare against these to try and create some buying gains to add to your profit margin.
- You may have lower cost labour and plant rates, or better production for items, using this method of pricing, this would produce cheaper rates which would increase your likelihood of being awarded the work.
- You will have specific targets and labour allowances which you can then manage your on site team against; i.e. if you are using a generic rate how do you know how much time is allowed using how many operatives to complete a task.

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Overhead & Profit

To tender efficiently you need to know what your overhead costs are to include in your cost base for the works, otherwise you may be making a margin on the project direct but making a loss overall.

A simple example of this is the following:

If company A undertakes only 1 project in the month and the direct cost base (Labour, Plant & Materials) is £10,000 and they charge £12,000 for the project, then the project has created a £2,000 margin.

Direct Cost: £10,000

Sales: £12,000

Margin on Project: £2,000

But overall the company may have made a loss as the overheads have not been taken into account, these are a number of items, for example insurance, software costs, office costs, accounting costs, management time, IT, vehicle hire, marketing etc. Although some of these costs maybe paid annually the cost needs to be considered.

The company performance for the month may now look like this:

Direct Cost: £10,000

Sales: £12,000

Margin on Project: £2,000

Company Overhead: £2,500

Profit -£500

Payment of overhead costs is required, no matter what, even when business is slow. Companies will have overhead costs to keep the business operating during these periods. The direct costs for the project should be calculated and the overhead costs applied, followed by the profit, with only the profit varied to win the work. To calculate the overhead costs and apply them as a percentage please refer to the steps below.

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STEP 1

List your Expenses

Complete list of your business costs. Your list should be thorough and incorporate things like office / yard rental, utilities, insurance, IT costs and building upkeep. Other costs like materials to complete works, labour and plant are direct project costs and are not to be included. Remember to add in costs you pay each month like phone costs and also once a year costs such as insurance.

If you are a business owner who completes some project work – for example 2 days per week on chargeable tasks then remember to add into the overhead costs the 3 days of costs where you are not charged out.

STEP 2

Calculate your Overhead as a Percentage

The total overhead cost needs to be calculated as a percentage of your overall costs, to do this take your overall cost for the business for the previous year, if you are unsure what this is, it will be present on your year end accounts to HMRC.

Next take your calculated overhead costs (from step 1) and divide the overhead costs by the total cost and then multiply by 100 to generate the percentage.

Calculated overhead cost

Total business costs = £x multiply by 100

£50,000

£250,000 = 0.2 x 100 = 20%

In this example the overhead costs are 20% of the companies total costs. This percentage is then used for the pricing of tenders, however it is key to regularly update both the costs and the percentage calculation to generate a new percentage as these will change over time.

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Profit & Loss – The Cost Value Reconciliation (CVR) Process

Cost value reconciliation (CVR) is essential to the construction industry as it helps to ensure that a construction project is completed on Time, on budget and within expected profit margins. CVR allows contractors to periodically assess the progress of their projects and ensure that they are not overspending or under-spending. It also helps to identify any potential risks that could lead to cost overruns, rework and delays.

Why are Cost Value Reconciliations Important?

Cost Value Reconciliations allow you to report on the profitability of a contract throughout its lifecycle. Without a CVR process in place, unnecessary losses on construction projects of all sizes can often go unnoticed, hurting your construction business' bottom line.

What do CVR's do?

CVR's allow you to compare your current position to your tender position which allows you to ascertain any variances. It also allows you to plan your spend across the project and will show you the real impact on the projects margin from the decisions made.

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Cost Value Reconciliation (CVR) Template

To use the CVR template as a management tool it first needs to be 'set up' and then it can be updated on a monthly or weekly basis.

Setting up the CVR The CVR has 3 excel tabs, with 2 of the tabs feeding into the summary tab, these tabs are: The summary page.

Project Name									
Project Number									
	CTC			Breakdown of Value					
Value	-			Invoiced	-				
Costs	#REF!			Applied not invoiced	-			Inc Retention	
Margin	#REF!			Not yet applied	-				
Margin %	#REF!	18.3		Total Sales Valued	-				
				Value to Date vs Total Value	#DIV/0!				
				Committed Costs to date vs Total Costs	#REF!				
	Value to date	Still to go	Contract Value	Previous Month	Movement	Commentary			
Sales	-	-	-		-				
Costs	Committed Costs to date	Still to go	CTC	CTC		Commentary			
Materials			-		-				
			-		-				
			-		-				
Labour			-		-				
			-		-				
			-		-				
Plant			-		-				
			-		-				
			-		-				
Total	-	-	-		-				

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Cash Flow

Cash flow analysis is an important aspect of a company's financial management because it underscores the cash that's available to pay bills and make purchases—generally, money it needs to run and grow the business.

Why Cash Flow Analysis Is Important

Cash is important to every business. Having enough money to pay the bills, purchase needed assets, and operate a business to make a profit is vital to a company's success and longevity. A company must understand how well it is generating cash and how much it has. That way, it can take corrective action, if needed. When you track your finances, including where cash comes from and where it goes, you can place yourself in a better position to plan business activities and company operations that lead to profits and growth. Cash flow analysis examines the cash that flows into and out of a company—where it comes from, what it goes to, and the amounts for each. Ongoing positive cash flow points to a company that is operating on a strong footing. Continued negative cash flow may indicate a company is in financial trouble.

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Forecast Template

The cash forecast template, takes the companies cash current position and forecasts the cash in and the cash out over the forthcoming weeks to show the projected cash position on a weekly basis. This allows you to see if you have a cash shortage forthcoming to give you time to try and mitigate it.

There are many different app's and software available to assist you with cash flow forecasting – however a template has been provided for your use, which you can upgrade at a later date if required.

We recommend that 11 weeks are forecasted, this provides an optimum level of foresight against the accuracy of estimates. The template works in 3 sections,

Section 1: The date and the balance (actual & forecasted) are shown in the 1st 2 rows, the next section is for the sales to be entered and the third section is the forecasted costs over the period. Please see the image below of the template.

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Section 1: The date and the balance (actual & forecasted) are shown in the 1st 2 rows, the next section is for the sales to be entered and the third section is the forecasted costs over the period. Please see the image below of the template.

	05/06/2022	12/06/2022	19/06/2022	26/06/2022	03/07/2022	10/07/2022	17/07/2022	24/07/2022	31/07/2022	07/08/2022	14/08/2022
B.Fwd Bank Balance											
Receipts											
<i>Forecast Income</i>											
Cash Receipts	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
Payments											
C.Fwd Bank Balance	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0

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Step 1 – Enter the Date

Please refer to the image below and enter the week commencing date in the cell indicated, the rest will then self populate.

	05/06/2022	12/06/2022	19/06/2022	26/06/2022	03/07/2022	10/07/2022	17/07/2022	24/07/2022	31/07/2022	07/08/2022	14/08/2022
B.Fwd Bank Balance											
Receipts											
Forecast Income											
Cash Receipts	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
Payments											
C.Fwd Bank Balance	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0

Enter the week
commencement
date here

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Step 2 – Enter your current bank balance

Please refer to the image below and enter your current bank balance into the cell indicated, the remaining cells will self populate

	05/06/2023	12/06/2023	19/06/2023	26/06/2023	03/07/2023	10/07/2023	17/07/2023	24/07/2023	31/07/2023	07/08/2023	14/08/2023
B.Fwd Bank Balance	£10,000	£10,000	£10,000	£10,000	£10,000	£10,000	£10,000	£10,000	£10,000	£10,000	£10,000
Receipts											
Forecast Income											
Cash Receipts	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
Payments											
C.Fwd Bank Balance	£10,000	£10,000	£10,000	£10,000	£10,000	£10,000	£10,000	£10,000	£10,000	£10,000	£10,000

Enter your current bank balance in the 1st yellow box

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Step 3 – Enter your forecast income

Please refer to the image below and enter your forecast income. Start with the invoices which you have already raised and not paid and enter them in the corresponding week which they are due to be paid. For example in the image below the invoice for Park Hill school is due to be paid on the week commencing 05/06/23 and is for a value of £13,000. After you have entered all of your raised invoices the next step is to forecast what your sales will be that you have not yet applied / invoiced for. In the example below Smith Street Apartments has an estimated invoice value of £20,000 for the end of June and a further £30,000 for the end of July.

	05/06/2023	12/06/2023	19/06/2023	26/06/2023	03/07/2023	10/07/2023	17/07/2023	24/07/2023	31/07/2023	07/08/2023	14/08/2023
B.Fwd Bank Balance	£10,000	£44,000	£44,000	£44,000	£139,000	£145,000	£145,000	£145,000	£220,000	£220,000	£220,000
Receipts											
<i>Forecast Income</i>											
Park Hill School	13,000.00										
Smith Street Apartments				20,000.00				30,000.00			
Manor House	21,000.00				6,000.00						
No 20 The square				75,000.00				45,000.00			
Cash Receipts	£34,000	£0	£0	£95,000	£6,000	£0	£0	£75,000	£0	£0	£0
Payments											
C.Fwd Bank Balance	£44,000	£44,000	£44,000	£139,000	£145,000	£145,000	£145,000	£220,000	£220,000	£220,000	£220,000

You will notice that the forecasted sales for each week is then totalled up by the template and add to the bank balance. So in this case (although not possible) if all the forecasted sales were correct and paid on time and no costs incurred the bank balance on the week commencing 14/08/23 would be £220,000.

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Step 4 – Enter the Payments due

The next step is to enter the outgoing payments, these maybe weekly, monthly, regular payments or one off payments. They are entered into the blue section below on the due date or forecasted due date. Start by putting your regular payments in such as direct debits and weekly payments, such as labour which you know you will have throughout the forecasted period. Next is to forecast one off payments such as materials for a particular project, remember to put them when the payment is due and not when the materials are delivered to site. You will now notice that the template calculates these and off sets it against the forecasted bank balance.

	05/06/2023	12/06/2023	19/06/2023	26/06/2023	03/07/2023	10/07/2023	17/07/2023	24/07/2023	31/07/2023	07/08/2023	14/08/2023
B.Fwd Bank Balance	£10,000	£37,000	£30,000	£-4,000	£62,400	£61,400	£54,400	£47,400	£63,800	£56,800	£49,800
Receipts											
<i>Forecast Income</i>											
Park Hill School	13,000.00										
Smith Street Apartments				20,000.00				30,000.00			
Manor House	21,000.00				6,000.00						
No 20 The square				75,000.00				45,000.00			
Cash Receipts	£34,000	£0	£0	£95,000	£6,000	£0	£0	£75,000	£0	£0	£0
Payments											
Labour - Wages	-£7,000	-£7,000	-£7,000	-£7,000	-£7,000	-£7,000	-£7,000	-£7,000	-£7,000	-£7,000	-£7,000
Hired Plant				-£6,400				-£6,400			
Office / Yard				-£3,000				-£3,000			
SIG Invoice			-£27,000					-£30,000			
Month end salaries				-£12,000				-£12,000			
Phone				-£200				-£200			
C.Fwd Bank Balance	£37,000	£30,000	£-4,000	£62,400	£61,400	£54,400	£47,400	£63,800	£56,800	£49,800	£42,800

The template is now complete and you can see from this the forecasted bank balance over the next 11 weeks.

TENDER PRICING, COST CONTROL AND CASHFLOW FORECAST GUIDANCE

Step 5 – Analysis & Management of Cashflow

This step concerns the review of the forecast looking a ‘pinch points’ and ‘dependences’. For example if you review the week commencing 26/06/23, it can be seen that £95k is due to be received over 2 payments however £62.2k is due to be paid out, with the balance of the cash in the bank if the £75k payment is not received then all of the payments due out cannot be made. Therefore the focus should be on ensuring that the full payment is secure and paid on time. Also if you review the forecast above in step 4 you can see that on the week of the 26/06/23 the bank balance is -£4k which is not possible, therefore the £27k payment has been moved to the following week as there should be capacity then to pay the balance.

	05/06/2023	12/06/2023	19/06/2023	26/06/2023	03/07/2023	10/07/2023	17/07/2023	24/07/2023	31/07/2023	07/08/2023	14/08/2023
B.Fwd Bank Balance	£10,000	£37,000	£30,000	£23,000	£62,400	£61,400	£54,400	£47,400	£63,800	£56,800	£49,800
Receipts											
<i>Forecast income</i>											
Park Hill School	13,000.00										
Smith Street Apartments				20,000.00				30,000.00			
Manor House	21,000.00				6,000.00						
No 20 The square				75,000.00				45,000.00			
Cash Receipts	£34,000	£0	£0	£95,000	£6,000	£0	£0	£75,000	£0	£0	£0
Payments											
Labour - Wages	-£7,000	-£7,000	-£7,000	-£7,000	-£7,000	-£7,000	-£7,000	-£7,000	-£7,000	-£7,000	-£7,000
Hired Plant				-£6,400				-£6,400			
Office / Yard				-£3,000				-£3,000			
SIG Invoice				-£27,000				-£30,000			
Month end salaries				-£12,000				-£12,000			
Phone				-£200				-£200			
C.Fwd Bank Balance	£37,000	£30,000	£23,000	£62,400	£61,400	£54,400	£47,400	£63,800	£56,800	£49,800	£42,800

TENDER PRICING, COST CONTROL AND CASHFLOW FORECAST GUIDANCE

Step 6 – Weekly Update

The final step is to update it the following week, to do this first move any unpaid debts and income which were to be paid and received from the previous week to the current week as these are still due. Next update your bank balance again with your actual balance, as it will have some minor changes from your forecast. Next update any forecasted income and or payments with actuals, in the example below the two incomes highlighted in blue have gone from forecasted values to actuals. Next add one additional week to the end of your forecast, entering in any payments which will be made this week and any income due and then finally remove the week which has now occurred by deleting it.

	12/06/2023	19/06/2023	26/06/2023	03/07/2023	10/07/2023	17/07/2023	24/07/2023	31/07/2023	07/08/2023	14/08/2023	21/08/2023
B.Fwd Bank Balance	£23,000	£29,000	£22,000	£62,495	£61,495	£54,495	£47,495	£63,895	£56,895	£49,895	£42,895
Receipts											
<i>Forecast Income</i>											
Park Hill School	13,000.00										
Smith Street Apartments			19,255.00				30,000.00				
Manor House				6,000.00							
No 20 The square			76,840.00				45,000.00				
Cash Receipts	£13,000	£0	£96,095	£6,000	£0	£0	£75,000	£0	£0	£0	£0
Payments											
Labour - Wages	-£7,000	-£7,000	-£7,000	-£7,000	-£7,000	-£7,000	-£7,000	-£7,000	-£7,000	-£7,000	-£6,999
Hired Plant			-£6,400				-£6,400				
Office / Yard			-£3,000				-£3,000				
SIG Invoice			-£27,000				-£30,000				
Month end salaries			-£12,000				-£12,000				
Phone			-£200				-£200				
C.Fwd Bank Balance	£29,000	£22,000	£62,495	£61,495	£54,495	£47,495	£63,895	£56,895	£49,895	£42,895	£35,896

In the first few weeks of doing this process and taking control of your cashflow there may be a variance between the forecasted and actual but over time you will capture and forecast more costs and it will become significantly more accurate and will allow you to plan and control your cash.