| Clause | Remarks/Guidelines |
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| **SCT 15 Reduction of Contingency Sums for Compensation Events**  |
| (1) | Without prejudice to the generality of the other General Conditions of Tender and Special Conditions of Tender, the *Client* reserves the right to reduce unilaterally the amount of the contingency sums for compensation events as stated in the Grand Summary of the [\**activity schedule* /\**bill of quantities*]*1* by himself giving or requiring the *Project Manager* designate to give a notification in writing as regards the reduction to a tenderer at any time after determination of the price ranking or overall marks/scores of the tenders in accordance with the evaluation criteria set forth in the tender documents but before award of this contract. | DEVB memo ref. DEVB(W) 546/70/01 dated 8.8.20111. This Clause shall only be included in a works contract involving contingency sums if an officer at D2 rank or above in the Project Office/Works Department is satisfied that the following adoption criterion is met:The contract is identified in the risk assessment at the pre-tender stage to have highly uncertain risk factors that could lead to an over-estimation of the allowance made in the contingency sums for covering such risks. This finding must be properly documented in file.2. Subject to compliance with the requirements given in paragraph 3 below, this Clause enables the Project Office, in case the original forecast total of the Prices of the recommended tender exceeds the funding allowed for the contract in the Approved Project Estimate, to unilaterally reduce the contingency sums stated in the tender documents and consequentially the forecast total of the Prices without the need for tender negotiation. The Project Office can then under properly justified circumstances: (i) keep the forecast total of the Prices of the recommended tender within the funding available and, subject to approval by the relevant tender board, accept the tender without the need to seek additional funding; or (ii) reduce the amount of additional funding required even if after such reduction the forecast total of the Prices of the recommended tender still exceeds the funding available and additional funding is still required to be sought.3. In order to exercise this Clause, the Project Office shall have:(a) reviewed the risk assessment made at the pre-tender stage in arriving at the original contingency sums;(b) proper justifications that the amount of reduction is genuinely an excessive allowance in the original contingency sums; and(c) obtained approval of the Vote Controller.4. In conjunction with the use of this Clause, the Form of Tender and the Letter of Acceptance to Successful Tenderer shall be modified as provided in the memo ref. DEVB(W) 546/70/01 of *8 August 2011* promulgating this Clause. Sample letter notifying the tenderer (whose tender is going to be recommended for contract award) of the reduction of the contingency sums is also provided in the said memo.5. This Clause is for use in works contracts other than design and build (D&B) contracts. A GCT is separately provided for D&B contracts in the memo mentioned in paragraph 4 above.Explanatory notes to words in square brackets1. *The Project Office shall determine the appropriate wording to suit the contract/tender documentation arrangements of the contract being tendered.*

\* Delete as appropriate.\*\* Insert the clause number of the General Condition of Tender dealing with correction rules for tender errors (i.e. GCT 11 in DEVB's Library of Standard GCT). |
| (2) | By submitting its tender, a tenderer shall be deemed to have agreed that upon receipt by the tenderer of a notification in writing referred to sub-clause (1) of this Clause:1. the amount of the contingency sums as stated in the Grand Summary of the [\**activity schedule* /\**bill of quantities*]*1* shall be taken to be reduced accordingly; and

(b) the reduction in the amount of the contingency sums under paragraph (a) above shall not affect any provisional sums specified in the Grand Summary of the [\**activity schedule* /\**bill of quantities*]*1*. |
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| (3) | For the avoidance of doubt, the original forecast total of the Prices taking into consideration the original tendered total of the Prices as stated in the Form of Tender and [\**bill of quantities*/\**activity schedule*]*1* will, subject to correction (where applicable) in accordance with General Conditions of Tender Clause [    ]\*\*,  be used for determination of the price ranking or overall marks/scores of the tenders in accordance with the evaluation criteria set forth in the tender documents irrespective of whether or not the *Client* has subsequently exercised its right under this Clause to reduce the amount of the contingency sums. |