

21 October 2025

Dear Sir/Madam

CIRCULAR ON ENHANCEMENTS TO QUALITY FEE METHOD (QFM) FRAMEWORK AND STANDARD CONSULTANCY AGREEMENT (SCA) ARISING FROM THE RECOMMENDATIONS OF THE TASKFORCE FOR ARCHITECTURAL AND ENGINEERING CONSULTANTS

This circular informs all PSPC-registered firms on (i) the expanded coverage for the “Reduced Fee Score” pilot under the Quality Fee Method (QFM) framework and (ii) mandatory adoption of the Limitation of Liability clause in the Standard Consultancy Agreement (SCA). These enhancements will be effective for the procurement of construction-related consultancy services with Expression-of-Interest (EOI) and tenders called from 1 December 2025 onwards.

Background

2 Following extensive consultation with industry stakeholders, the Taskforce for Architectural and Engineering Consultants (“Taskforce”) has put forth 11 recommendations in September 2025 to strengthen the talent pipeline and business sustainability of the Built Environment (BE) consultancy sector. Under the focus area “fostering sustainable and profitable businesses”, the Taskforce recommends both public and private sector clients to adopt quality-based procurement methods and review contractual clauses to enable a more equitable distribution of risks between clients and consultants. Building on the QFM and SCA enhancements introduced in 2024, BCA will introduce the following enhancements to the QFM and SCA in support of the Taskforce’s recommendations.

(A) Expanding the coverage for “Reduced Fee Score” pilot under QFM

3 In March 2024, BCA piloted the “Reduced Fee Score” approach for all QFM tenders with estimated construction cost of \$50 million and below. It aimed to promote sustainable fees in public sector consultancy tenders and give stronger assurance to the industry to submit higher quality proposals. Following the successful implementation of the pilot and in support of the Taskforce’s recommendation, **the pilot will be extended to cover all QFM tenders with estimated construction cost of up to \$100 million.** This aims to further disadvantage bids that are unsustainably low and disincentivise fee-diving, and create a more sustainable bidding environment to encourage firms to focus on delivering value.

4 Please refer to Annex A for details of the “Reduced Fee Score” approach, which was also included in the Circular dated 18 January 2024. There is no change to the “Reduced Fee Score” formula.

(B) Mandatory adoption of the Limitation of Liability clause in SCA

5 The SCA was revised in November 2024 to include an option to limit a consultant's contractual liabilities [i.e. Clause 3.2(4) of SCA's September 2024 version] to enable a more equitable distribution of risks between service buyers and consultants. As recommended by the Taskforce, the **Limitation of Liability clause will be made a mandatory provision in the SCA**, which will make professional liabilities more insurable and allow for more effective risk sharing.

Implementation

6 Enhancements to the QFM framework and the SCA in paras 3 to 5 will be effective for the procurement of construction-related consultancy services with EOI and tenders called on and after 1 December 2025 (unless otherwise stated).

7 Consultancy firms which require clarifications on this Circular can contact us at <https://www.bca.gov.sg/feedbackform/>.

8 The revised QFM framework and SCA contract form will be made available on the BCA website at <https://www1.bca.gov.sg/procurement/tender-stage/quality-fee-method-qfm-framework> and <https://www1.bca.gov.sg/procurement/post-tender-stage/standard-consultancy-agreement> respectively.

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(Transmitted via email)

Annex A – Reduced Fee Score pilot

Pilot new fee-score approach *(for consultancy tenders in which the estimated construction cost of project is \$100 million and below)*

1 Under the current QFM framework, all bids that are 80% or below of the average fee will receive the maximum fee score. In deriving the fee score, GPEs are required to remove outlier bids from the computation of the average fee. This is an existing mechanism in place to curb fee-diving by preventing skewing of the average fee.

2 To further discourage fee-diving, the fee-scoring approach will be adjusted as below:

- i. Use of median fee instead of average fee as the reference point – This ensures the reference point is not skewed by exceptionally high or low bids.
- ii. Cap maximum fee score – Bids that are between 90% and 100% (both inclusive) of median fee among all tenderers will receive the maximum fee score.
- iii. Implement reduced fee score – This aims to encourage sustainable bidding. Reduced fee scores are derived as follows:

- a) Bids that are **≥ 70% and < 90% of median fee**

$$\text{Maximum Fee Score} \times \left[1 - \frac{2}{3} \left(0.9 - \frac{\text{Tenderer's bid}}{\text{Median fee}} \right) \right]$$

- b) Bids that are **> median fee**

$$\text{Maximum Fee Score} \times \left[1 + \frac{2}{3} \left(1 - \frac{\text{Tenderer's bid}}{\text{Median fee}} \right) \right]$$

- iv. Disqualify low outlier bids – **Bids below 70% of the median fee among all tenderers shall be disqualified.** This aims to send a stronger message to deter fee-diving. Notwithstanding this, exemption to disqualification applies if any of the following conditions is met:

- a) There are 3 or fewer bids received in a tender, or
- b) The low outlier bid has the highest quality score.

3 For purpose of the pilot, the new fee-score approach shall be applicable to all QFM tenders with an estimated construction cost of \$100 million and below, except for:

- i. Tenders of standalone consultancy services (e.g. feasibility study that does not lead on to subsequent design and construction stage) and/or where the estimated construction cost of project has yet to be determined (e.g. demolition work).

4 Please see below an example of fee-score computation using the new fee-score approach:

Worked Example

The range of bids that attain the maximum fee score (e.g. 30 points) will be narrowed to Tenderer C. The bid below 90% of the median fee by Tenderer D will receive a reduced fee score. Tenderer E will be disqualified as its bid is below 70% of the median fee.

	Tenderer A	Tenderer B	Tenderer C	Tenderer D	Tenderer E
Fee Bids	\$1,380,000	\$636,680	\$412,000	\$369,000	\$251,575
Fee Score under Current Approach <i>Average of conforming bids^[1]</i> <i>= \$472,560</i>	8.2	17.8	27.5	30	30 ^[2]
Fee Score under New Approach (e.g. max. score of 30 points) <i>Median fee = \$412,000</i>	0	19.1	30	29.9	Disqualified

[1] To prevent skewing of the average fee, outlier bids (i.e. more than 20% below or 50% above the average fee of all confirming bids) are excluded from the calculation of the mean fee. This procedure is no longer required in the new Fee-score formula.

[2] Tenderer E's bid is deemed as a low outlier as it is more than 20% lower than the tenderers' average fees. GPEs are required to provide justification for award of tender to Tenderer E.