

A&A Renovation Budget: How Much Should You Keep in Reserve?

By [DirectHome Editorial](#)

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8 min read

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Keep enough A&A reserve to cover the unresolved building risks your project team has costed, after removing work already included in the contract. In the worked example below, three separate risks add up to S\$16,000 on a S\$300,000 base contract. That is an illustration of the method, not a recommended percentage or a Singapore price estimate; undecided fittings and optional upgrades are budgeted separately.

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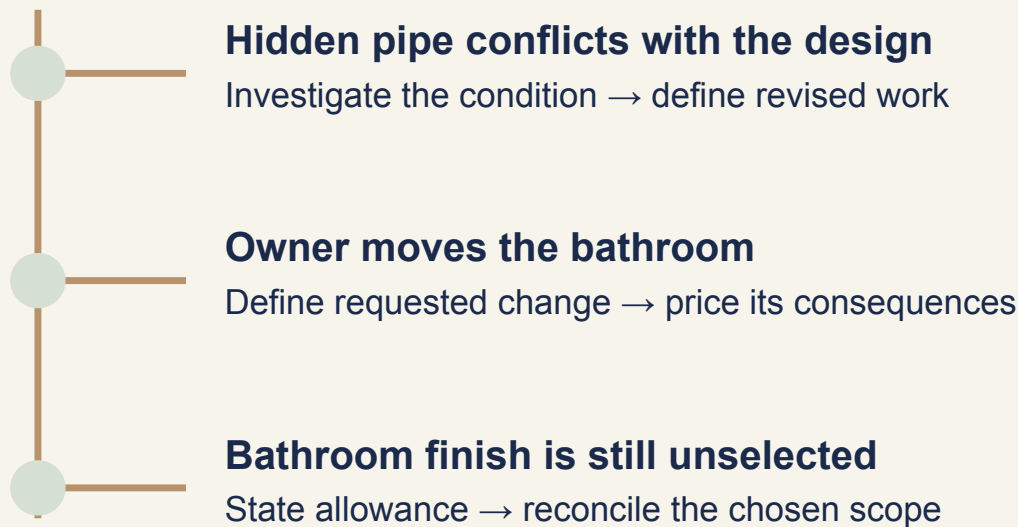
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This matters when comparing [A&A proposals for a landed home](#). One quotation may include investigation and known remedial work, while another leaves both outside its total. Adding the same percentage to each does not make them comparable. Start with what is known, what is assumed and what remains undecided.

Separate hidden problems, undecided fittings and changes you request

Why did the amount change?

Name the cause before using the reserve.



Illustrative categories · contract allocation and approval terms still govern

Three illustrative reasons for a changed amount. The agreed contract determines allocation and approval; the diagram does not decide liability.

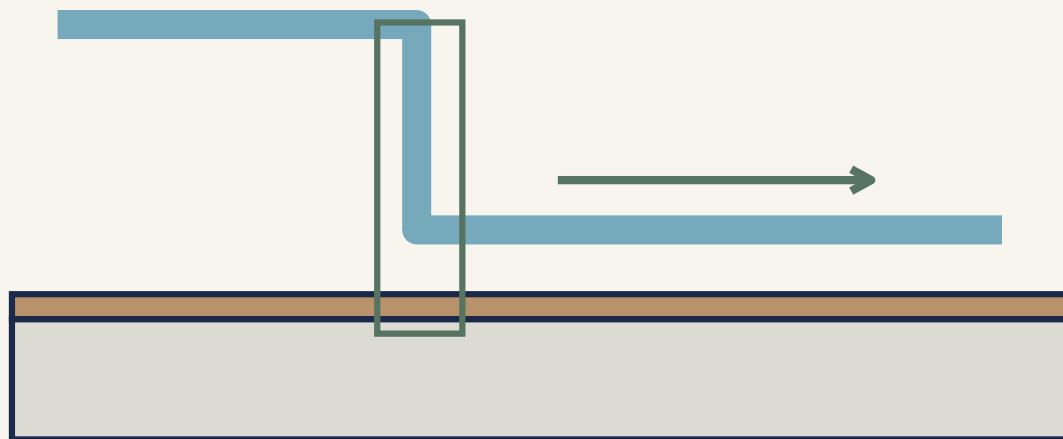
A concealed pipe discovered in the path of a new opening is an existing-condition issue. Moving the opening because the owner changes the room layout is a design-change issue. Selecting the finish for an opening already in the agreed scope is an allowance or selection issue. They can happen in the same part of the house while calling for different budget treatment.

The distinction helps the conversation stay concrete. A genuine unknown needs findings and a proposed response. A requested change needs its additions, omissions and knock-on effects priced. A selection needs reconciliation against the scope and allowance already carried. Calling every difference “contingency” makes it harder to see what the household is choosing and what the building has revealed.

The original contract still matters. An item's being unexpected by the homeowner does not automatically make it an extra, and a contractor describing something as a variation does not settle who bears it. Establish the agreed inclusions, assumptions and risk allocation before drawing a conclusion about the charge.

Investigate the parts of the house that could change the price

Hidden service routes need checking



A clear drawing is not proof of a clear site

Have concealed service routes checked before the design relies on them being clear.

Some uncertainty can be reduced before tender. Existing drawings, measured surveys and targeted professional investigations can reveal whether a proposed structural opening, extension or service route is plausible. The useful investigation is tied to a decision: what result would change the design, construction method or price?

Services plans are a starting point, with limits. The qualified person needs the relevant services information and site verification, because some existing connections or common-drain details may not appear on the plans. A route with no pipe marked on the plan is not proven clear.

Other conditions may remain concealed until work progresses. Describe them specifically, including what is assumed for pricing and when the assumption can be checked. “Existing structure excluded” is too broad to help an owner understand the likely consequence. A useful scope explains which retained part is assessed, which part remains inaccessible and how a finding will be handled.

Do not ask the household to investigate concealed building elements itself. Opening finishes, excavating or exposing services needs an agreed professional scope, suitable access and the relevant precautions. The owner’s role is to decide whether the proposed investigation is worth doing before committing to the design it tests.

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Budget separately for fittings you have not chosen

Contract wording determines how each amount is treated and when payment becomes due.

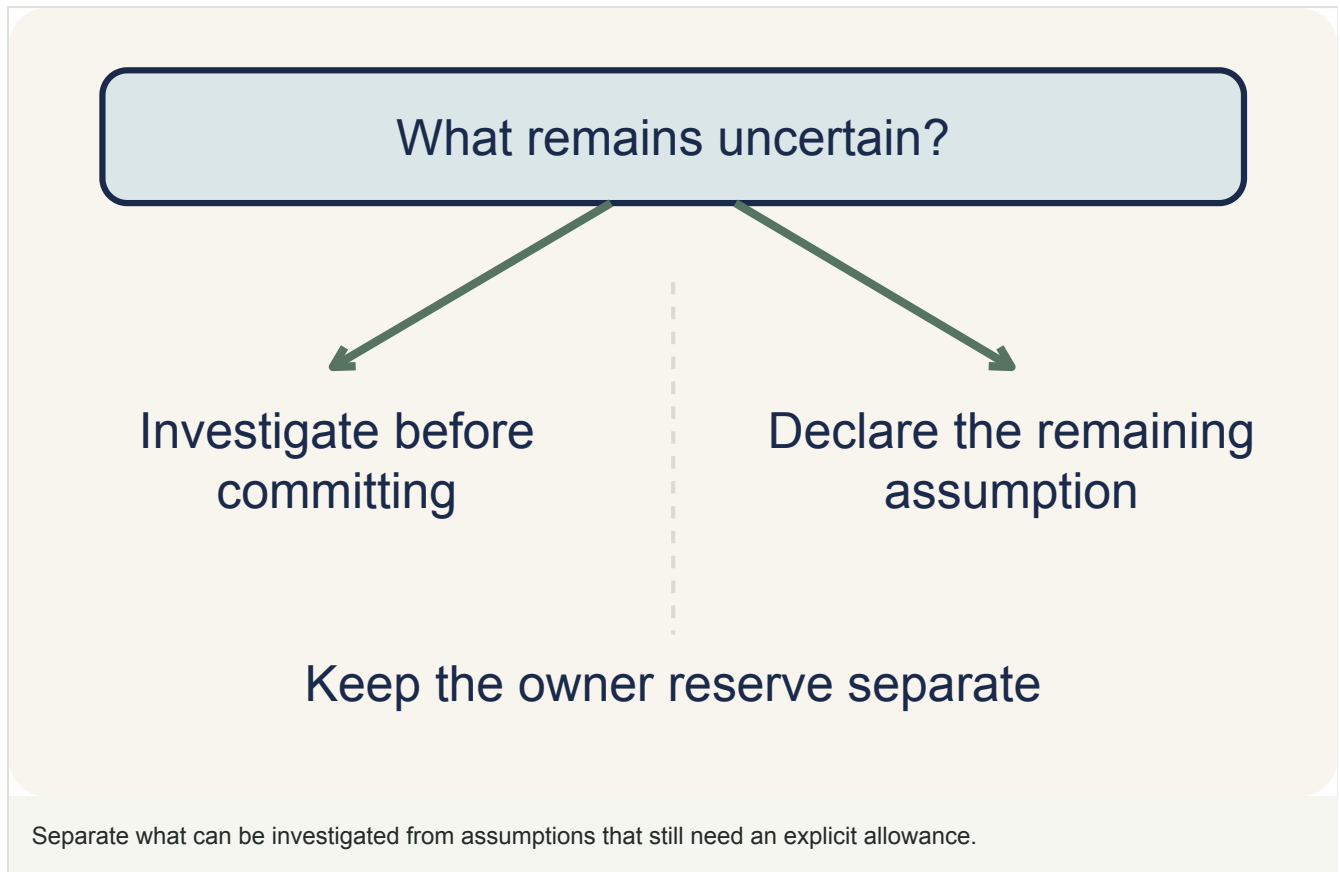
Budget line	What it represents	What resolves it
Agreed base scope	Defined work under the quotation or contract	The identified drawings, specification and inclusions
Declared allowance	A known item whose final selection or quantity remains open	A selection or measured scope reconciled under agreed terms
Condition reserve	Money the owner holds for identified uncertainties	Investigation or findings leading to an agreed response
Owner change	A requested departure from the agreed design or work	A priced change with its effects and approval recorded

If the renovation includes new bathroom fittings but the models are undecided, the need is known. The price may remain provisional, but it should be attached to a clear allowance rather than hidden inside a general reserve. Define whether the allowance covers supply, delivery, installation and any required accessories.

A supply-only allowance can be sensible if it is labelled and the related installation work is priced elsewhere. The problem is an allowance whose apparent coverage changes during selection. Compare the chosen item with the original inclusion and account for any difference once, including an omitted item or credit where the agreed process provides for it.

Keep selection deadlines beside the allowances. A late decision can affect more than the product price if it changes dimensions, service positions or the construction sequence. An early choice with complete technical information may reduce those knock-on effects, even when the selected finish itself costs more.

Build the reserve from the remaining risks



A project with reliable drawings and well-understood existing conditions needs a different allowance from one with unverified foundations or hidden pipes that may need moving. Use the investigations and unresolved work to decide the reserve with your project team. A fixed percentage cannot account for those differences on its own.

List the remaining conditions in plain language. For each, identify the affected part of the work, the pricing assumption, the investigation or event that will resolve it and the consequence if that assumption is wrong. The team can then advise what needs further investigation, a priced alternative or a declared allowance.

Hold the owner's reserve separately from the contract total unless the contract expressly includes a corresponding sum. Money set aside in a household account is not automatically money the contractor is entitled to spend. Equally, a reserve is not a prediction that all the listed problems will happen. It gives the household a way to make decisions when genuine uncertainty resolves.

Worked example: a S\$16,000 condition reserve

Hypothetical amounts only. Each allowance needs project-specific quantities, rates and scope from the team; the table sets no contractor entitlement.

Unresolved condition	Extra work to cost if it occurs	Illustrative owner reserve
A concealed pipe conflicts with the agreed opening	The agreed reroute and its making good, excluding work already priced	S\$8,000
Retained timber exposed during work cannot be kept	Defined local replacement beyond the base scope	S\$5,000
Opening a retained finish reveals additional making good	Additional repairs outside both the base contract and the two responses above	S\$3,000
All three separate risks remain open	S\$8,000 + S\$5,000 + S\$3,000	S\$16,000

Suppose a household has a S\$300,000 base contract, including S\$12,000 for bathroom fittings not yet selected. Its team identifies three remaining concealed-condition risks and supplies the following illustrative additional amounts for the defined responses. All amounts below are on the same assumed tax basis. These are invented budgeting inputs to demonstrate arithmetic, not quotations or typical repair prices.

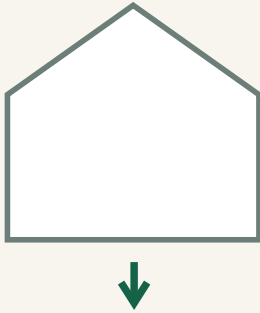
On those assumptions, the base contract plus condition reserve is S\$316,000. The S\$12,000 bathroom allowance is already inside the S\$300,000 and is not added again. If the household also wants S\$10,000 available for optional upgrades, the planned funding becomes S\$326,000, with that S\$10,000 kept in a separate owner-choice line. If the selected fittings exceed their allowance, only the agreed difference is added.

The S\$16,000 reserve happens to equal about 5.3% of the base contract. That percentage is the result of this example, not the way to choose the reserve for another house. A project with unverified foundations could have a very different exposure. Before accepting any total, have the team identify the credible cost of the unresolved work and whether more investigation would materially narrow it.

Adding all three amounts plans for all three distinct problems occurring. Do not sum two alternative remedies for the same problem or count making good twice. If a possible structural problem cannot yet be meaningfully priced, an arbitrary reserve will not make the budget reliable: investigate it, obtain a defined alternative, or defer the design commitment that depends on it.

Review the whole effect of a change

A change can reach beyond its room



Requested bathroom move

Start with the changed location.

Connected work

Drainage, waterproofing and services may change.



One complete variation

Additions, omissions and programme effects together.

Requested bathroom move: Start with the changed location. Connected work: Drainage, waterproofing and services may change. One complete variation: Additions, omissions and programme effects together. Schematic only; no dimensions or site-specific approval are implied.

A proposed change should explain the finding or request, the revised work and the parts of the original scope it replaces. It should also identify the programme effect and any impact on adjacent completed work. A new bathroom location, for example, can affect drainage, electrical work, waterproofing and finishes outside the room itself.

Agree itemised prices and express approval for variations before work starts, including who can authorise a change and how urgent discoveries are communicated. The process should be usable when a decision is time-sensitive, without treating silence as approval.

When a condition is discovered, avoid choosing a remedy from a photograph alone. The responsible professional or trade should explain the finding, viable responses and remaining uncertainty. Then the owner can assess the price in the context of what the remedy achieves, rather than being asked to approve an unexplained extra to keep work moving.

Include temporary living arrangements when planning for disruption and contingency. [Can you live at home during A&A works? →](#)

Check how much reserve remains after each change

Starting owner reserve

- Approved changes
 - Unsettled selections
-

Reconcile the amount remaining

Keep unknown costs visible

Reconcile approved changes and unsettled selections before judging the reserve left.

As work progresses, keep approved extras, fittings still to be chosen and the money left in your reserve in separate columns. If a bathroom allowance has not yet been reconciled with the selected fittings, that cost is still waiting to be settled. Counting only the extras already approved can make the remaining budget look larger than it is.

Continue the example: if the S\$8,000 pipe allowance is resolved with no reroute needed, and the timber remedy is approved at S\$4,000, the household has spent S\$4,000 of its S\$16,000 condition reserve. Of the S\$12,000 left, S\$3,000 remains allocated to the still-open making-good risk. The

remaining S\$9,000 is unallocated only after the team confirms those other risks have closed; it is not automatically an invitation to order upgrades.

The [A&A buying guide](#) places budgeting alongside feasibility, design and construction. Bring the current plans and quotations, and identify any building conditions or product choices that are still unknown. [DirectHome](#) can discuss which parts need investigation or a clearer price before you decide how much money to keep aside.

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