
Overview

This unit is concerned with the financial control of design projects. It is about managing budgets and cash flow.

You must know about budgeting methods and processes, and show how their application has resulted in the control of your cash flow. It is about managing your income. You must know about valuation methods and processes, and show how their application has maximised your cash receipts. You must also manage payments due to others under the contract.

It is about managing entitlements. You must know how to make judgement on the liability for the cost of re-work and additional work. You must be able to show how you have negotiated and agreed amendments to entitlement with parties involved in the contract.

Manage design service income and expenditure

Performance criteria

You must be able to:

Manage project income and expenditure

- 1 identify and decide responsibilities for budgetary control and allocations under the budget headings of financial plans
- 2 ensure that allocated budgets are monitored and fluctuations in financial performance are accurately calculated
- 3 ensure that cash flow projections are managed against actual income and expenditure
- 4 recommend and agree ways of dealing with variances and contingencies so that decisions can be made
- 5 take appropriate corrective action promptly and inform people about the changes that are required to allocated budgets
- 6 ensure that the reasons for variances and contingencies are investigated and approve action to prevent them happening again
- 7 ensure that interested parties are informed about actions which will require major restructuring of allocated budgets and cash flow projections
- 8 ensure that allocated budgets are updated accurately and reissued to people who have financial responsibilities

Manage valuations, income and expenditure

- 9 agree accurate valuations and accounts which contain relevant background information and clarify and justify areas of potential disagreement
- 10 ensure that information about payments due are recorded and the total income due under the contract is calculated
- 11 ensure that outstanding payments are identified
- 12 decide on necessary action to recover outstanding debts and retentions which maintains the goodwill and trust of the client
- 13 approve payments to others due under the contract

Manage and conclude an agreement for entitlement for reimbursement

- 14 evaluate the basis of entitlement and criteria for recovery against the contract and seek relevant expert opinion if required
- 15 make a judgement on whether entitlements are valid and should be progressed
- 16 ensure that entitlements are accurately calculated and appropriately structured from relevant and verified information sources
- 17 make a judgement on where the liability for the cost of re-work and

Manage design service income and expenditure

additional work is and ensure that the parties involved in the contract are informed

18 analyse the opposing grounds for entitlement and ensure that the entitlement is structured and presented clearly

19 conduct negotiations with the parties involved in the contract in a way which maintains their goodwill and trust

20 conclude negotiations to agree amendments to entitlement with the parties involved in the contract

21 ensure that documents, back-up information and calculations are accurately recorded, referenced clearly and stored so that they can be easily retrieved for auditing and reference purposes

Manage design service income and expenditure

Knowledge and understanding

You need to know and understand:

Manage project income and expenditure

- 1 how and why to identify and decide responsibilities for budgetary control and allocations under the budget headings of financial plans (evaluation)
- 2 how to ensure that allocated budgets are monitored and fluctuations in financial performance are accurately calculated (application)
- 3 how to ensure that cash flow projections are managed against actual income and expenditure (application)
- 4 how and why to recommend ways of dealing with variances and contingencies so that decisions can be made (synthesis)
- 5 how and why to agree ways of dealing with variances and contingencies so that decisions can be made (evaluation)
- 6 how to take appropriate corrective action promptly and inform people about the changes that are required to allocated budgets (application)
- 7 how to inform people about the changes that are required to allocated budgets (application)
- 8 how to ensure that the reasons for variances and contingencies are investigated and approve action to prevent them happening again (application)
- 9 how to ensure that interested parties are informed about actions which will require major restructuring of allocated budgets and cash flow projections (application)
- 10 how to ensure that allocated budgets are updated accurately and reissued to people who have financial responsibilities (application)

Manage valuations, income and expenditure

- 11 how and why to agree accurate valuations and accounts which contain relevant background information (evaluation)
- 12 how to clarify areas of potential disagreement with valuations and accounts (application)
- 13 how and why to justify areas of potential disagreement with valuations and accounts (evaluation)
- 14 how to ensure that information about payments due are recorded and the total income due under the contract is calculated (application)
- 15 how to ensure that outstanding payments are identified (application)
- 16 how and why to decide on necessary action to recover outstanding debts and retentions which maintains the goodwill and trust of the client (evaluation)

Manage design service income and expenditure

17 how and why to approve payments to others due under the contract (evaluation)

Manage and conclude an agreement for entitlement for reimbursement

18 how and why to evaluate the basis of entitlement and criteria for recovery against the contract (evaluation)

19 how to seek relevant expert opinion if required (application)

20 how and why to make a judgement on whether entitlements are valid and should be progressed (evaluation)

21 how to ensure that entitlements are accurately calculated and appropriately structured from relevant and verified information sources (application)

22 how and why to make a judgement on where the liability for the cost of re-work and additional work is and ensure that the parties involved in the contract are informed (evaluation)

23 how and why to analyse the opposing grounds for entitlement and ensure that the entitlement is structured and presented clearly (analysis)

24 how and why to conduct negotiations with the parties involved in the contract in a way which maintains their goodwill and trust (synthesis)

25 how and why to conclude negotiations to agree amendments to entitlement with the parties involved in the contract (evaluation)

26 how to ensure that documents, back-up information and calculations are accurately recorded, referenced clearly and stored so that they can be easily retrieved for auditing and reference purposes (application)

Scope/range

Manage project income and expenditure

1 Budgets:

- 1.1 earned income
- 1.2 employment costs
- 1.3 capital plant and equipment
- 1.4 materials
- 1.5 liabilities
- 1.6 subcontract costs
- 1.7 consumables
- 1.8 depreciation
- 1.9 profit

2 Cash flow projections:

- 2.1 income receivable
- 2.2 expenditure
- 2.3 late payments
- 2.4 fiscal policy

3 Variances:

- 3.1 overspend
- 3.2 underspend
- 3.3 changes in value of the work

4 Contingencies:

- 4.1 delays in receivables
- 4.2 project and contract delays
- 4.3 interruptions

5 Interested parties:

- 5.1 colleagues
- 5.2 financial providers
- 5.3 creditors

Manage valuations, income and expenditure

6 Valuations and accounts:

- 6.1 interim payment
- 6.2 final accounts

Manage design service income and expenditure

7 Payments:

- 7.1 agreed fees
- 7.2 quantification of work completed
- 7.3 agreed recoverable expenses
- 7.4 taxes
- 7.5 retentions
- 7.6 credit notes

8 Action to recover outstanding debts and retentions:

- 8.1 re-invoicing
- 8.2 negotiation
- 8.3 legal action

Manage and conclude an agreement for entitlement for reimbursement

9 Entitlements - resulting from:

- 9.1 measurement
- 9.2 valuation of variations
- 9.3 liability for costs
- 9.4 loss and expense arising from breaches of contract
- 9.5 extensions of time
- 9.6 damages arising from extra-contractual considerations

10 Information sources:

- 10.1 contract documents
- 10.2 contract records

Manage design service income and expenditure

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Suite Built Environment Design and Consultancy Practice

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