



Higher National Unit specification

General information for centres

Unit title: Contracting Procedures

Unit code: F4NM 34

Unit purpose: This Unit enables candidates to gain key knowledge and understanding of the various contracting procedures commonly used in the construction industry. The Unit provides candidates with knowledge of the roles, responsibilities and obligations within standard forms of contract and the significant clauses, procedures and arrangements necessary to manage these obligations.

On completion of this Unit the candidate should be able to:

- 1 Explain appropriate contractual arrangements and suitable standard forms of contract for given project situations.
- 2 Explain the contractual roles, relationship and obligations of the parties involved in a contract.
- 3 Explain the significant clauses and procedures in standard forms of contracts.
- 4 Explain the procedures for the procurement and successful management of sub-contractors.

Credit points and level: 2 HN credits at SCQF level 7: (16 SCQF credit points at SCQF level 7*)

**SCQF credit points are used to allocate credit to qualifications in the Scottish Credit and Qualifications Framework (SCQF). Each qualification in the Framework is allocated a number of SCQF credit points at an SCQF level. There are 12 SCQF levels, ranging from Access 1 to Doctorates.*

Recommended prior knowledge and skills: Access is at the discretion of the centre. However, it is recommended that candidates undertaking this Unit have skills in communication, numeracy and some work experience within the contracting industry.

Core Skills: There are opportunities to develop the Written Communication component of the Core Skill of *Communication*; the Using Number component of the Core Skill of *Numeracy* and the Core Skill of *Problem Solving* all at SCQF level 6 in this Unit, although there is no automatic certification of Core Skills or Core Skills components.

Context for delivery: If this Unit is delivered as part of a Group Award, it is recommended that it should be taught and assessed within the subject area of the Group Award to which it contributes.

Assessment: This Unit could be assessed by the candidate producing a combined report for Outcome 1 and Outcome 2, and a separate report for each of Outcomes 3 and 4.

Higher National Unit specification: statement of standards

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The sections of the Unit stating the Outcomes, Knowledge and/or Skills, and Evidence Requirements are mandatory.

Where evidence for Outcomes is assessed on a sample basis, the whole of the content listed in the Knowledge and/or Skills section must be taught and available for assessment. Candidates should not know in advance the items on which they will be assessed and different items should be sampled on each assessment occasion.

Outcome 1

Explain appropriate contractual arrangements and suitable standard forms of contract for given project situations

Knowledge and/or Skills

- ◆ Contractual arrangements
- ◆ Standard forms of contract
- ◆ Risk allocation
- ◆ Design responsibility

Evidence Requirements

Candidates will need to provide evidence to demonstrate their Knowledge and/or Skills by showing that they can explain:

- ◆ the factors which would influence the appropriate contractual arrangement for a specified project.
- ◆ the standard forms of contract appropriate for use with traditional, management and package type contractual arrangements.
- ◆ how risk is allocated in the management of contractual arrangements. The explanation must include the consequences of failing to manage risk within traditional, management and package arrangements.
- ◆ how responsibility for design is managed within traditional, management and package contracts. The explanation must include at least two reasons that highlight the importance of managing the responsibility for design.

Assessment Guidelines

This Outcome could be assessed in the form of a short report, the preferred option being to assess this Outcome in combination with Outcome 2.

Higher National Unit specification: statement of standards (cont)

Unit title: Contracting Procedures

Outcome 2

Explain the contractual roles, relationship and obligations of the parties involved in a contract

Knowledge and/or Skills

- ◆ Principal parties
- ◆ Contractual relationships
- ◆ Procedural relationships
- ◆ Obligations of the parties to a contract
- ◆ Non-compliance consequences
- ◆ Current relevant legislation

Evidence Requirements

Candidates will need to provide evidence to demonstrate their Knowledge and/or Skills by showing that they can for a specified contract:

- ◆ explain the roles of the principal parties involved in the contract.
- ◆ explain the contractual and procedural relationships in the contract. The explanation must include the principal parties identified in the previous Evidence Requirement.
- ◆ explain the consequences of non-compliance to contractual obligations in the contract.
- ◆ explain the current relevant legislation and the implications of the legislation with reference to the roles of the responsible parties in contractual arrangements.

Assessment Guidelines

This Outcome could be assessed in the form of stimulus material where candidates are required to examine the roles, relationships and responsibilities for a given contractual situation. The assessment for this Outcome could be combined with Outcome 1.

Higher National Unit specification: statement of standards (cont)

Unit title: Contracting Procedures

Outcome 3

Explain the significant clauses and procedures in standard forms of contract

Knowledge and/or Skills

- ◆ Standard forms of contract
- ◆ Procedures:
 - payment
 - disruption
 - insurances
 - dispute resolution
 - regulatory

Evidence Requirements

Candidates will need to provide evidence to demonstrate their Knowledge and/or Skills by showing that they can explain the significant clauses and procedures for standard contracts, relating to:

- ◆ Payment. The explanation must include interim certificates and valuations, retention, provisions for adjustment of contract sum including variations and rule and final certificate issue.
- ◆ Disruption. The explanation must include extensions of time, liquidated and ascertained damages, loss and expense indemnities, works and liabilities.
- ◆ Insurances. The explanation must include responsibilities and risks.
- ◆ Payment and dispute resolution. The explanation must include reference to regulatory requirements, arbitration and adjudication.

The evidence must be presented in the context of the contracting industry.

Assessment Guidelines

This Outcome could be assessed by a report explaining the significant clauses and procedures arising from standard contracts used in the contracting industry and any relevant regulation. The assessment could require that the candidate takes on the role of an advisor to a client to form the basis of this report.

Higher National Unit specification: statement of standards (cont)

Unit title: Contracting Procedures

Outcome 4

Explain the procedures for the procurement and successful management of sub-contractors

Knowledge and/or Skills

- ◆ Sub-contractors
- ◆ Roles and responsibilities
- ◆ Procedures for procurement of sub-contractors
- ◆ Procedures for management of sub-contractors

Evidence Requirements

Candidates will need to provide evidence to demonstrate their Knowledge and/or Skills by showing that they can explain:

- ◆ the main roles and responsibilities of parties relating to sub-contracts in relation to the main contract. The explanation must include as a minimum the roles and responsibilities of the main contractor, sub-contractors and employer.
- ◆ principal procedures relating to the procurement of sub-contractors within the terms of the main contract.
- ◆ the principal procedures relating to management of sub-contractors within the terms of the main contract.

Assessment Guidelines

This Outcome could be assessed by presenting stimulus material that requires candidates to produce a report detailing the use of sub-contractors and the management of the situation. The candidate could take on the role of an advisor to a client to form the basis of this report.

Administrative Information

Unit code: F4NM 34
Unit title: Contracting Procedures
Superclass category: VC
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History of changes:

Version	Description of change	Date

Source: SQA

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Higher National Unit specification: support notes

Unit title: Contracting Procedures

This part of the Unit specification is offered as guidance. The support notes are not mandatory.

While the exact time allocated to this Unit is at the discretion of the centre, the notional design length is 80 hours.

Guidance on the content and context for this Unit

This Unit is a mandatory Unit within the Contracting Management HNC, which is designed for candidates employed within the contracting sector who wish to develop contracting management skills to progress within their industry. Whilst the Unit is part of a Group Award, it is also available on a standalone basis. This Unit may be useful to candidates who are already employed or are working towards employment in a project/contract management role. This Unit could be of particular use to candidates employed, or seeking employment in the contracting sector of the construction industry as many of the issues can be delivered in this context.

The Unit is designed to:

- ◆ enhance the candidate's knowledge of:
 - procedures commonly used within the contracting sector
 - potential risks and consequences to parties
 - standard forms of contract and suitability to project type
 - current legislation which is relevant to the contracting sector
 - procedures relating to sub-contracts
 - potential pitfalls in everyday situations within the management of contracts
- ◆ provide competency when dealing with contracts by understanding roles, risks and consequences

There are a limited amount of published texts that can be used to illustrate the content of this Unit. As formal contracting procedures are constantly being updated it is important to provide essential information in this Unit, and encourage candidates to read as often and as widely as possible to keep up-to-date with developments in the industry.

The following gives some guidance on suitable content. It is neither exhaustive nor prescriptive.

Outcome 1

This Outcome introduces the various factors relating to contractual arrangements and suitable standard forms of contract used within the contracting sector of the construction industry to provide a background knowledge. Group discussion incorporating the different types of contracts with which candidates are involved could provide a good basis from which to begin this Outcome.

Candidates could be encouraged to look at the range of available contractual arrangements commonly used in the construction industry and the risk allocation of each type. This could be used to introduce the selection criteria used to determine the arrangement best suited subject to project requirements. Contractual arrangements covered include traditional, management and package contracts.

Centres should refer candidates to up-to-date textbooks and internet sources to support their studies.

Higher National Unit specification: support notes (cont)

Unit title: Contracting Procedures

Outcome 2

Candidates need to be able to explain and clearly understand contractual and procedural relationships. An ability to show understanding of the roles of principal parties, relevant to each contractual arrangement is also required. For candidates from the construction industry, the principal parties would be employer, main contractor, contractor, architect, quantity surveyor, supplier and consultants. The roles and obligations of all these parties should be understood. Candidates should be encouraged to provide clear and precise explanations, showing an in depth understanding of various contractual arrangements.

It is strongly recommended for candidates employed in the contracting sector of the construction industry that regulations relating to the Construction (Design and Management) 1994 framework and the relevant duties under the Health and Safety at Work Act 1974 with reference to responsible parties within the contract arrangement are covered.

Outcome 3

Candidates should gain an understanding of the significant clauses in contracting procedures and arrangements. For those employed in the contracting sector of the construction industry candidates could use the current JCT standard form of contract (Private Edition with Quantities) or any revision as a reference document for this Outcome. Coverage of the JCT may also assist in providing explanations and examples of contracting arrangements and procedures for all candidates.

The JCT standard form of contract could for all candidates form the basis of study for this Outcome. All candidates could understand and give explanation of the significant procedures in the JCT form relating to:

- ◆ Payment — interim certificates and valuations, retention, provisions for adjustment of contract sum including variations and rule also final certificate issue
- ◆ Disruption — relating to time, liquidated and ascertained damages, loss and expense
- ◆ Insurance — responsibilities and risks
- ◆ Dispute Resolution — arbitration and adjudication

Again, it is recommended that for those candidates employed within the contracting sector of the construction industry, the resulting impositions applied for non-compliance to sections in the Housing Grants, Construction and Regeneration Act 1996 which relate to payment and dispute resolution, are covered.

Outcome 4

The purpose of this Outcome is to build on the knowledge already experienced throughout study of this Unit by introducing sub-contracts commonly used within the contracting sector of the construction industry.

In the understanding of sub-contracts, the candidate will have to understand the roles and responsibilities relating to sub-contracts in comparison to the main contract. The procurement of appropriate sub-contracts must also be understood.

Higher National Unit specification: support notes (cont)

Unit title: Contracting Procedures

Candidates must understand the relevant procedures relating to the management of sub-contractors within the terms of the relevant contract.

Guidance on the delivery and assessment of this Unit

It is envisaged that the Unit will be delivered through lecturer-mediated discussion, the provision of appropriate examples and case studies, and by reading appropriate contracting texts. To keep the Unit relevant to the candidate, examples and case studies should be appropriately selected to suit their background, and should build on existing knowledge.

Relating theory to practice should be encouraged at all times, review of projects familiar to the candidate will allow easier understanding and allow the candidate to form opinions and conclusions from this. This will develop analytical skills and critical thinking.

The Unit aims to merge theory and practice with the focus being on the practical aspects of managing contracts, for many candidates contextualisation within the construction industry will be required. This should be supported with a broad understanding of types of contractual procedures in these areas.

Summative assessment focuses on contractual arrangements and theory. Delivery of the Unit should encourage candidates to reflect on their own background knowledge, through assessment building. Formative assessment in the form of self-assessment questions as each topic is taught could be used on an ongoing basis, throughout the Unit.

Opportunities for developing Core Skills

There are opportunities to develop the Written Communication component of the Core Skill of *Communication*; the Using Number component of the Core Skill of *Numeracy* and the Core Skill of *Problem Solving* all at SCQF level 6 in this Unit, although there is no automatic certification of Core Skills or Core Skills components.

As they undertake the Unit, candidates will be encouraged to analyse and seek solutions to a range of theoretical and practical problems and issues relating to contract selection. Formative work where candidates act in an advisory role, together with reflective practice, could provide the opportunity to develop all components of the Core Skill of *Problem Solving*, SCQF level 6.

Where candidates are required to produce evidence in the form of reports which would be acceptable within the contracting industry, resources could be made available eg appropriate software packages for word processing and editing to support accuracy and effective presentation. Should candidates produce written reports then there may be opportunities to develop the component Written Communication of the Core Skill of *Communication* at SCQF level 6.

The selection of contractual arrangements requires the candidate to consider cost and time and in so doing there are opportunities to develop the Using Number component of the Core Skill of *Numeracy* at SCQF level 6.

Higher National Unit specification: support notes (cont)

Unit title: Contracting Procedures

Open learning

If this Unit is delivered by open or distance learning methods, additional resources will be required for candidate support, assessment and Quality Assurance.

Candidates with disabilities and/or additional support needs

The additional support needs of individual candidates should be taken into account when planning learning experiences, selecting assessment instruments, or considering alternative Outcomes for Units. Further advice can be found in the SQA document *Guidance on Assessment Arrangements for Candidates with Disabilities and/or Additional Support Needs* (www.sqa.org.uk).

General information for candidates

Unit title: Contracting Procedures

This Unit will enable you to gain key knowledge and understanding of the various contracting procedures commonly used in the construction industry. It provides knowledge of the roles, responsibilities and obligations within standard forms of contract and the significant clauses, procedures and arrangements necessary to manage these obligations.

This Unit has been written as a mandatory Unit within the HNC in Contracting Management, but may also be undertaken on a standalone basis. It is designed for candidates employed within the contracting sector who wish to develop contracting management skills to progress within their industry.

This Unit may be useful to you if you are already employed or are working towards employment in a contracting management role. This Unit could be of particular use if you are employed, or seeking employment in the contracting sector of the construction industry as many of the issues can be delivered in this context.

This Unit is designed to:

- ◆ give you the ability to select appropriate contractual arrangements
- ◆ explain the relationship and roles of parties involved in contracts
- ◆ explain the significant procedures in the standard forms of contract
- ◆ help you understand the procedures relating to sub-contractors

This double credit Unit has four Outcomes. The first Outcome provides the ability to select appropriate contractual arrangements and standard forms of contract. The selection is based upon project type and the risk levels appropriate. The second Outcome explains the roles, relationships and obligations of parties to a contract. The third Outcome details the significant clauses standard forms of contract and relevant current legislation. The fourth Outcome describes the procedures for the procurement and successful management of sub-contractors.

The content of the Unit will be kept relevant through the use of appropriate examples and by focusing on possible situations relevant to the contracting industry. This should provide you with the ability to relate theory to practice, allowing you to develop critical and reflective skills.

For successful completion of this Unit, you will be required to achieve a satisfactory level of performance on the assessed work. The assessments are likely to be in the form of reports and as you progress through the Unit could require you to act in the role of an advisor to a client. To do this, you will be expected to apply the theory you have learned during the Unit to advise your client on the contracting procedures suited to the client needs, justify selection and concisely explaining various procedures relating to the contracts.

There are opportunities to develop the Written Communication component of the Core Skill of *Communication*; the Using Number component of the Core Skill of *Numeracy* and the Core Skill of *Problem Solving* all at SCQF level 6 in this Unit. You will be encouraged to analyse and seek solutions to a range of theoretical and practical problems and issues relating to contract selection which will help you to develop *Problem Solving* skills. You will have to produce materials in the form of reports to an industry standard. Should you present in a written format then there may be opportunities to develop the written component of the Core Skill of *Communication*. The selection of contractual arrangements requires you to consider cost and time and in doing so may provide opportunities for the candidate to develop *Numeracy* skills.