



Sample Pearson BTEC Set Assignment Brief

Single Part Assessment

Unit 5 – Management of Commercial Risk

For use with:

Pearson BTEC International Level 3 qualification in Construction and the Built Environment

Diploma / Extended Diploma

Advised Supervised hours	6
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For completion by the centre

Qualification (select as appropriate)	Diploma / Extended Diploma
Assessment date	



Instructions to Teachers/Tutors and/or Invigilators

The Pearson Set Assignment will be assessed internally by the centre using the unit Assessment Criteria detailed in the qualification specification. The assignment will be sampled by the Standards Verifier as part of the standards verification annual centre visit.

Conditions of supervision

The Pearson Set Assignment should be carried out under supervised conditions. We advise that the Set Assignment be taken in more than one supervised session.

The Set Assignment should not be shared with learners before the supervised session arranged by the centre. Teachers/tutors and invigilators should note that they are responsible for maintaining security and for reporting issues to Pearson.

Outcomes for Submission

Learners may submit handwritten or word-processed evidence. Learners must also complete this set assignment on a computer using CAD. Learners must save their work regularly and ensure that all materials can be identified as their work.

Learners must submit their own, independent work as detailed in the set assignment. Each learner must complete an authentication sheet.



Instructions to Learners

Read the Set Assignment carefully.

You will be asked to carry out specific written activities, under supervised conditions, using the information provided.

At all times you must work independently and must not share your work with other learners. You must complete an authentication sheet and submit this along with your work.

Read the Set Assignment Information carefully, then complete the activities detailed in the Set Assignment

Set Assignment Information

Scenario

You are a commercial manager working for the national construction company Pearson Contractors, International with an annual turnover of \$800 million. The company mainly works on civil engineering projects but also acts as the main/principal contractor on general construction projects.

Project

The project is for a new airport lounge and associated walkways and car parking. The lounge will be for business class passengers and will feature showering and changing facilities and state of the art building services including zoned air conditioning, ground source heat, photovoltaic power generation and rainwater harvesting.

The client is a large international facilities management company specialising in international transportation including airport facilities and ferry/cruise terminals. The company has a presence in across all continents and has assets under management totalling \$3.2 billion.

The site is easily accessed via the existing airport and has not been built on before. However strict security checks are in place for all visitors and site personnel so entry to the site can be time consuming. The airport is on the outskirts of the second largest city in your country and is 400 miles (650 km) from your company HQ.

Pearson Contractors International company profile

Your company is as aspiring international contractor with an annual turnover of \$800 million employing 1200 staff and operatives although a large proportion of the company's turnover is subcontracted to specialist and technical companies. The company does however have strong and experienced management who are experienced in working on a diverse range of projects traditionally in your home country.

The company is based in your capital city and is currently operating at 75% capacity and most of these contracts have recently commenced following a number of years of difficult trading conditions.

International BTEC Level 3 Construction Pearson Set Assignment



The company was established in 1990 and has consolidated in recent years to maintain its present size and employment levels. Difficult trading conditions in recent years have meant that the company has struggled to remain profitable and is now dependant upon bank borrowing for its working capital, The company overheads are in the region of \$68 million per annum.

The company wants to expand into international markets and has aspirations to become a global contractor with a reputation for high standards of service and quality of construction. The availability of suitably qualified staff and operatives could be a limiting factor in future expansion plans but the company would like to take full advantage of any market growth.

Recent tendering activity

Your company has tendered for six major contracts in the last two months.

- New hotel in a provincial city 120 miles (194 km) from your company HQ - \$30 million – successful bid
- Roads and sewers contract to a new business park in the capital city - \$8 million – unsuccessful
- New sea wall at a marina 500 miles (800 Km) from your company HQ - \$15 million - unsuccessful
- Installation of new service infrastructure (water and electricity) to a residential area in the capital city - \$12 million – successful bid
- New harbour works to an overseas port 2,500 miles (4000 km) from your company HQ - \$150 million – unsuccessful
- New university accommodation in a provincial city 300 miles (480 km) from your company HQ - \$45 million - unsuccessful

For the past two years trading conditions have been difficult and tender prices have had relatively low profit margins added. When the company has been successful the bid has been fully committed with the company only covering its overheads

Commercial intelligence

As the company works in specialist markets on both a national and an international basis the company is often competing with local, regional or international contractors who are not regular competitors and their tendering approach is often an unknown quantity.

The company has contacted key suppliers in the area and has discovered that there are three other companies tendering for the project. By networking, talking to suppliers, reading press notices and subscribing to a contract information service, the company has found out the following information about the competition.

Contractor A is an international contractor with an annual turnover of \$2.5 billion specialising in infrastructure work. They are very experienced in airport developments. They currently have two other projects in your country and reputation for high quality work and good client relations; they have completed other airport projects for the client in other countries. They appear to generally have a fully committed approach to tendering and have been successful on their last two tenders but it is thought that they may be looking for continued expansion in your country as they are currently acquiring a permanent regional HQ.

Contractor B is a national contractor with an annual turnover of \$750 million and normally acts as a main contractor on new build construction projects. The company has had some recent



quality issues and are trying to improve their image. They are based 150 miles (240km) away from the project and are thought to be very interested in this project as it will allow them to break into a new market. Recent tendering activity may indicate a mix of regular and fully committed tenders with the company having a 50% success rate in recent tenders.

Contractor C is a regional contractor based 50 miles from the project with an annual turnover of \$75 million. The company is a general contractor working in all areas of construction and civil engineering. They have a small core workforce but generally use subcontract labour for the majority of trades. Although they appear to have a relatively full order book it is thought that the company is looking to increase its turnover when market conditions improve, but the company has been unsuccessful in its two most recent tenders.

Economic climate/market conditions

The construction market, in the international region, has generally been depressed for the past three years. This has resulted in a considerable number of company failures within the construction sector during this period together with a loss of experienced and skilled construction workers to other sectors and employment.

There is currently no evidence of improvement to market conditions or tender bids but economic forecasters have said that markets will improve in 6 months time however political volatility and external factors could impact on any future improvements.

Tender documents

The tender and contract information

The tender is for a new airport lounge and associated walkways and car parking.

Form of contract – an internationally agreed contract

Method of measurement – locally recognised standard form of measurement

Client – International Airport Facilities Inc

Contract period – 65 weeks

Commencement date 30th September 2022

Fixed price contract – without fluctuations

Rectification (defects liability) period – 12 months

Retention percentage – 5%

Contract bond – 10%

Liquidated and ascertained damages - \$50,000 per week or part thereof

Interim certificates – monthly

Public liability insurance - \$25 million

Client information

International Airport Facilities Inc is a company with 35 years of experience in airport developments and facilities management. The client appears to be financially sound but does have a reputation for late payment and often looks to negotiate extended payment terms with suppliers. The client has a presence in across all continents and has assets under management totalling \$3.2 billion. This project is the client's first facility in your country and the client has yet to establish a regional HQ.



Your company, Pearson Contractors has not previously tendered for any projects with this client.

Site visit report

The site visit report included the following information:

- The site is 12 miles (19km) from centre of a provincial city close to the ring road with good transport links and road infrastructure.
- The airport is on the outskirts of the second largest city in your country and is 400 miles (650 km) from your company HQ.
- This is a large square site within the existing airport perimeter.
- The site many years ago contained low-rise housing and a small factory
- The development will incorporate green spaces, which provide space to set up site compounds and offices without impacting on the construction programme.
- Access to the site is good and the road infrastructure will be completed as part of an earlier phase of the development.
- Entry to the site will be time consuming due the high level of security clearance needed
- When security alerts are in place entry to the site will be more restricted
- Service connections for water, electricity, telecommunications and mains drainage are readily available throughout the site.
- Parking is available on site.
- There are 10 mature trees on the site, which will be retained and will be incorporated into the landscape design.
- A tipping facility has been located within 6 miles of the site. The charges for general waste are £75 per load however good quality cover material, such as subsoil, is currently accepted at £25 per load.
- The area reasonably affluent and there appears to be no evidence of anti-social behaviour, vandalism or graffiti in the built environment.

Borehole report

Depth	Description
0	Ground level
0.300	Sandy topsoil
0.750	Compacted sand
1.700	Stiff sandy clay
2.950	Rock

There was no groundwater present at a depth of 2.95m



Estimate

Your senior estimator has completed the pricing of the project and has provided the following cost information:

Preliminaries:		
Site management	\$600,000	
Site accommodation	\$240,000	
Temporary roads and hard standings	\$100,000	
Scaffolding and other temporary works	\$175,000	
Site security	\$100,000	
Insurances and bond	\$110,000	
Temporary services	\$50,000	
Allowance for fluctuations	\$900,000	
Sub-total	\$2,275,000	\$2,275,000
Measured work:		
Substructures	\$3,200,000	
Superstructures	\$6,500,000	
Internal finishes	\$1,750,000	
Internal fit-out and furnishings	\$3,250,000	
Service installations	\$2,770,000	
External works	\$1,500,000	
Drainage	\$250,000	
Sub-total	\$19,220,000	\$19,220,000
Contingencies		\$2,000,000
Total net cost		\$23,495,000



Set Assignment

You must complete ALL activities

ACTIVITY 1

Produce a report for your commercial director that details the potential commercial risks the project may expose your company to, with justification of your recommended tendering strategy.

Remember to consider the key importance and relative magnitude of each risk that you consider together with their potential impact on the contractor and how to mitigate against the risk if possible.

This activity covers learning aim A.

A. P1, A.P2, A.M1, A.D1

ACTIVITY 2

Produce a report for the tender adjudication committee that considers all the information in the set task brief to recommend and justify a tender sum.

Remember within your report to consider:

- Company aspirations
- External factors
- Commercial risk
- Commercial intelligence
- Competition
- Market conditions
- A suggested tender sum

This activity covers learning aims B and C.

B. B.P3, B.P4, B.M2, B.D2
C. C.P5, C.P6, C.M3, C.D3