

# Appointing a project manager

## Guidance Note

Irish edition



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- Paul Mangan, Director of Buildings, Trinity College, Dublin 2.

## SCSI/RICS guidance notes

This is a guidance note. Where recommendations are made for specific professional tasks, these are intended to represent 'best practice', i.e. recommendations which in the opinion of SCSI /RICS meet a high standard of professional competence.

Although members are not required to follow the recommendations contained in the note, they should take into account the following points.

When an allegation of professional negligence is made against a chartered surveyor, a court or tribunal may take account of the contents of any relevant guidance notes published by SCSI/RICS in deciding whether or not the member had acted with reasonable competence.

In the opinion of SCSI/RICS, a member conforming to the practices recommended in this note should have at least a partial defence to an allegation of negligence if they have followed those practices. However, members have the responsibility of deciding when it is inappropriate to follow the guidance.

It is for each member to decide on the appropriate procedure to follow in any professional task. However, where members do not comply with the practice recommended in this note, they should do so only for a good reason. In the event of a legal dispute, a court or tribunal may require them to explain why they decided not to adopt the recommended practice. Also, if members have not followed this guidance, and their actions are questioned in an SCSI/RICS disciplinary case, they will be asked to explain the actions they did take and this may be taken into account by the Panel.

In addition, guidance notes are relevant to professional competence in that each member should be up to date and should have knowledge of guidance notes within a reasonable time of their coming into effect. This guidance note is believed to reflect case law and legislation applicable at its date of publication. It is the member's responsibility to establish if any changes in case law or legislation after the publication date have an impact on the guidance or information in this document.

## Document status defined

The RICS and the SCSl produces a range of professional standards. These have been defined in the table below. This document is a guidance note.

Document status defined		
Type of document	Definition	Status
practice statement	Document that members with mandatory requirements under Rule 4 of the Rules for Conduct for members	Mandatory
code of practice	Standard, approved by SCSl, and endorsed by another professional body, that provides users with recommendations for accepted good practice as followed by conscientious practitioners	Mandatory or recommended good practice (will be confirmed in the
guidance note	Document that provides users with recommendations for accepted good practice as followed by competent and conscientious practitioners	Recommended good practice
information paper	Practice based information, that provides users with the latest information and/or research	Information and/or explanatory



# Glossary of Terms

In this guidance note, the following terms and expressions are used, with the following meanings:

<b>Project manager</b>	The person, practice or employee appointed by an employer to lead and manage the (PM) project and be accountable to the project sponsor or project board for its successful completion.
<b>Building contract</b>	The contract between the employer and contractor, whether or not in writing or in a standard form. This guidance note refers to standard forms published by the Irish Government Construction Contracts Committee (G.C.C.C), Royal Institute of the Architects of Ireland (R.I.A.I.), NEC and FIDIC, JCT, FIDIC and NEC (see Appendix A for details).
<b>Chartered project manager</b>	Individuals who have successfully completed the SCSi/RICS project management assessment of professional competence are permitted to use the term chartered project management surveyor
<b>Surveyor</b>	The person or practice appointed by an employer to administer the contract between the contract administrator (CA) employer and the contractor (this role may be undertaken by the project manager). See the RICS guidance note <i>Contract Administration</i> for more detail.
<b>Contractor</b>	The building contractor engaged by the employer to undertake construction works and operations on behalf of the employer chartered project manager.
<b>Designer</b>	The person(s) or practice(s) employed to design the works being undertaken by the contractor. This may be for building works, the structure, mechanical and electrical services, etc. and can include the contractor or sub-contractors where appropriate contract provisions are used.
<b>Development</b>	The person or practice appointed to manage the development process. See the RICS Development Management guidance note for more detail.
<b>Employer (client)</b>	The person or organisation engaging the chartered project manager (and others) and contracting with the contractor. The term 'client' is often substituted when describing contracts with professional advisors or consultants.
<b>Employers agent (EA)</b>	For the purposes of this guidance note the role is as defined in the JCT Design and Build Contract and is different to the CA as the obligation is to act exclusively for the employer.



<b>Pre-commencement</b>	The period of a project between creation of the building contract, when the contract administrator will have been appointed, but before the contract works have commenced on site.
<b>Pre-contract</b>	The period of the project before the building contract has been entered into by the employer.
<b>Project monitor</b>	The person or practice employed to protect a client's interests by identifying and advising on the risks associated with acquiring an interest in a development that is not under the client's direct control. See the RICS guidance note <i>Project Monitoring</i> for more detail.
<b>Project sponsor</b>	The person who authorises the project and makes executive decisions that are outside the project manager's authority.
<b>Chartered surveyor</b>	An individual or organisation that is governed by SCSi/RICS Rules of Conduct.

# 1 Introduction

## 1.1 Aims

The aim of this publication is to provide practical advice and guidance to individuals and organisations involved in the commissioning or procurement of project management services as well as SCSl members undertaking the role of project manager in relation to building works contracts.

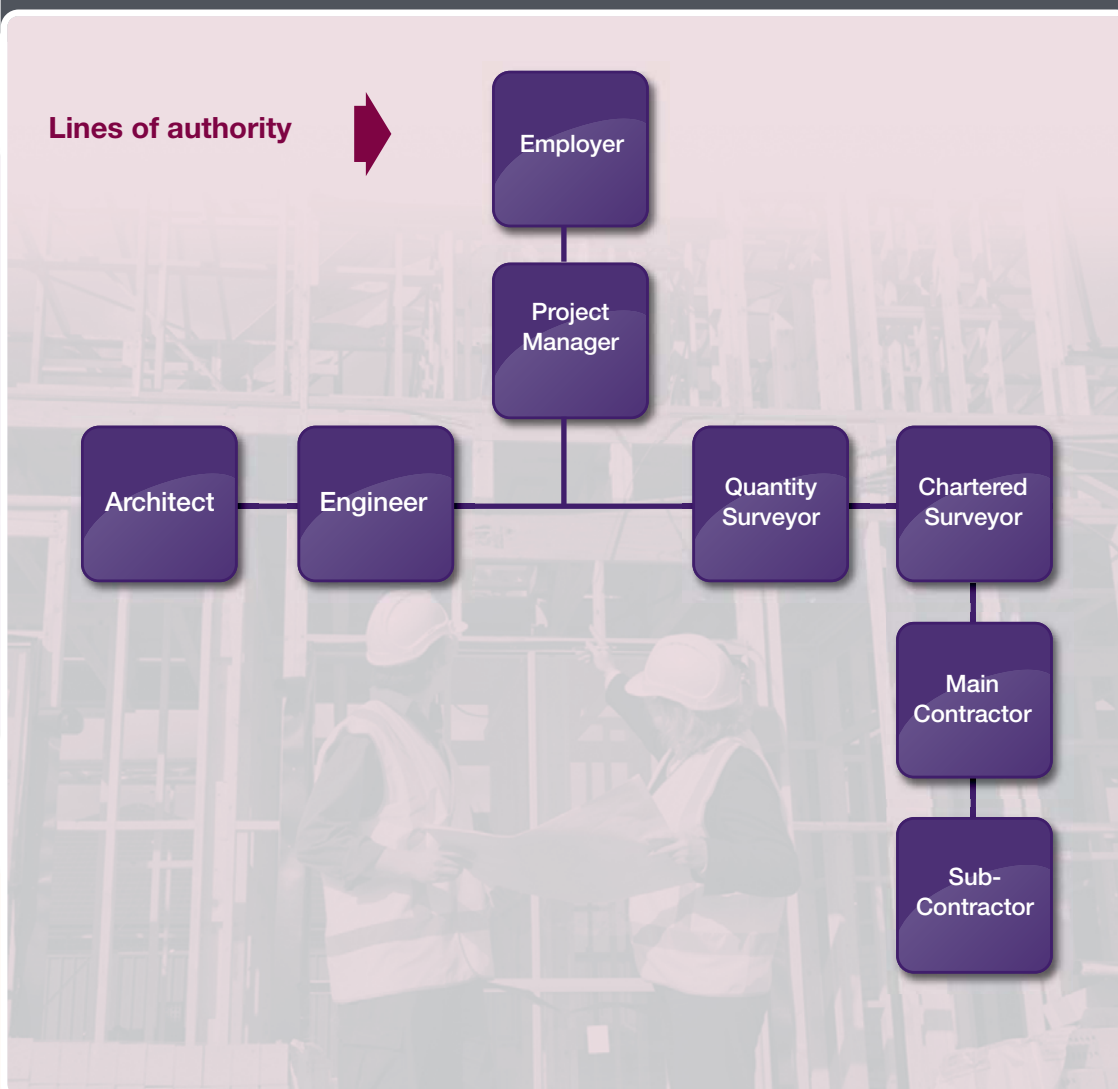
The role of the project manager covers a wide range of possible services and projects from the smallest residential scheme through to larger infrastructure projects. The responsibilities of the project manager will be defined initially by the professional appointment under which they are employed and then by the form of building contract used for the works.

This guidance note will concentrate on the role of project manager at all levels; in particular, within the provisions of standard forms of contract issued by various bodies such as RIAI, GCCC and FIDIC.

This is indicated in Figure 1 (overleaf) in a project that shows the project manager sitting between the employer and the design team consultants and the contractor with executive authority to instruct them. This is not to be confused with the contractual links between the parties which are shown in the lower part of the diagram. While the majority of surveyors only deal with small to medium sized contracts, the appointment of a project manager is more likely on medium to larger sized projects, so this guidance note will concentrate on the role of project manager in that context. The principles set out in this guidance note apply where both standard and non-standard forms of contract are used, and are particularly relevant for larger projects. The National Audit Office identified in their 2001 report 'Modernising Construction' that poor project management was a contributor to the delivery of projects late or over budget. The corollary being that good project management contributes to more successful projects, especially where the roles and responsibilities of the project manager are clearly defined.

On this basis it should be noted that this guidance note will distinguish between the roles of project manager, employers' agent and contract administrator. It does not deal specifically with the responsibilities of employers' agents under design and build arrangements, where the responsibility is to act exclusively in the interests of the employer, albeit with honesty and integrity.

Figure 1: Project manager's role



## 1.2 Project management and the project manager

The term 'project manager' is in wide use in building and infrastructure projects and occurs at many levels of the supply chain. This guidance deals with the project manager appointed by the employer to occupy a lead role in the development process with the responsibility for driving successful completion of the project and occupying the space between the employer and the building contract, design team and other consultants employed on the project.

The project manager role often includes management of the design and administration of the various design team appointments in addition to administration of the construction contract held by the employer, in which case, reference should be made to the RICS guidance notes '*managing the design*' and guidance note '*project monitoring*'.

In order to understand the role of the project manager it is necessary to consider what is meant by project management. As projects are used by business as the most efficient method for introducing change and are the methods by which strategic plans are achieved there is clearly a need for a leadership and management role.

Project management should be distinguished from project/construction monitoring and development management (though there may be overlaps with the latter) and a useful definition may be found in BS 6079 Part 2 (2000):

Planning, monitoring and control of all aspects of a project and the motivation of all those involved in it to achieve the project objectives on time and to the specified cost quality and performance.

In BS ISO 21500 (2012) the definition has been developed to describe a more process oriented approach:

*The application of methods, tools, techniques and competencies to a project.*

Project management includes the integration of the various phases of the project life cycle. Other definitions are available, all of which highlight the transient nature of projects; they have definite start and finish points, and are unique in terms of processes, outputs or deliverables. Project management is therefore concerned with defining what has to be accomplished, which is usually expressed in terms of technical performance (scope of works, which may include quality criteria, safety requirements, environmental considerations in addition to the technical performance criteria of the works), cost (budget) and time (programme or schedule). In simple terms project management does this by:

- planning what needs to be done
- implementing the plans
- monitoring and controlling the project work; and
- risk management.

The project manager leads and directs the project participants.

He or she is accountable to the project sponsor for the project's successful completion (delivering the requirements on time and within below budget and to the required standard).

For the purposes of this guidance note, a project manager is the person who is given responsibility for introducing change and is accountable to the project sponsor or project board for its successful accomplishment. The role of a project manager is therefore to lead and motivate the project participants to finish on time, within budget and to meet the requirements. This should result in satisfied clients.

Typically, building and infrastructure projects involve several professional disciplines working together, or in sequence, with project management spanning all to lead and direct them.

Historically, the role of project management has been undertaken by several possible professions, with engineers often carrying it out on major engineering projects and building surveyors, quantity surveyors and chartered project management surveyors undertaking it on more traditional building works projects.

It is important that surveyors act within the limits of their qualification, knowledge and training and an appropriate qualification in project management, either educational or professional is recommended. Where doubt or uncertainty exists, a check with professional indemnity insurers is strongly recommended.

## 2 Roles and responsibilities

### 2.1 The role of the project manager

Typically a project manager will be appointed at the outset of a project to assist the client in developing the project brief and then selecting, appointing and coordinating the project team. The project manager will usually represent the client throughout the full development process, managing the inputs from the client, consultants, contractors and other stakeholders.

Project managers require a combination of technical competence and business acumen. Leadership and communication skills, motivational 'soft' skills and risk management expertise are commonly considered essential to be an effective project manager.

The activities undertaken by the project manager typically include:

- identifying needs and developing the client brief
- leading and managing project teams
- identifying and managing project risks
- establishing communication and management protocols
- managing the feasibility and strategy stages
- establishing the project budget and project programme
- coordinating legal and other regulatory consents
- advising the employer on the need to obtain legal advice
- advising the selection/appointment of the project team
- managing the integration and flow of design information
- managing the preparation of design and construction programmes/schedules and CPM networks
- advising on alternative procurement strategies
- co-ordination & production of a business case
- advising on risk management strategy
- conducting tender evaluation and contractor selection
- establishing time, cost, quality and function control
- benchmarking
- participation in conflict resolution
- controlling, monitoring and reporting on project progress; and
- administering consultancy and construction contracts.

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- leading and managing project teams
- identifying and managing project risks
- establishing communication and management protocols
- managing the feasibility and strategy stages
- establishing the project budget and project programme
- coordinating legal and other regulatory consents
- advising the selection/appointment of the project team
- managing the integration and flow of design information
- managing the preparation of design and construction programmes/schedules and critical path networks
- advising on alternative procurement strategies
- advising on risk management strategy
- conducting tender evaluation and contractor selection
- establishing time, cost, quality and function control benchmarks
- controlling, monitoring and reporting on project progress; and
- administering consultant appointments and construction contracts.



A project manager may also be required to engage with various stakeholder departments within the client organisation such as user groups, facilities management, IT, security, catering, HR, legal, finance, etc. and obtain their requirements as well as undertaking a more wider external stakeholder engagement and management role. A selection of typical interfaces that the project manager may have to deal with during the course of a project are indicated in Figure 2 (p. 13).

Where a project manager is also required to undertake the role of employers' agent (EA) under design and build contracts, or the role of the engineer under FIDIC forms, they should pay careful attention to understanding the situations where they may act in a partisan manner on behalf of the client, complying with his or her instructions and exercising little or no discretion and where they must act impartially between the client and the contractor.

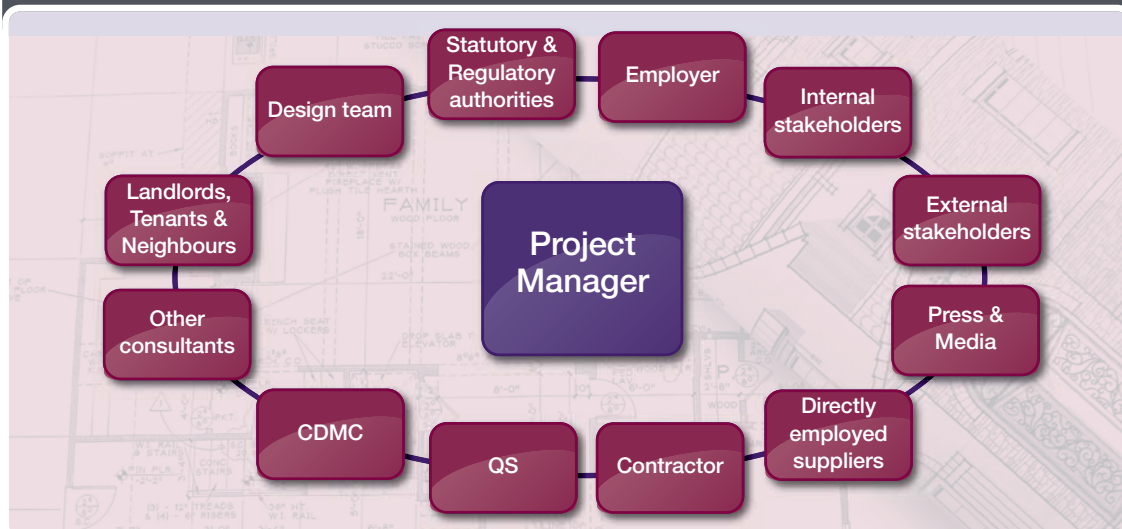
This issue has been blurred by recent court judgments where the EA was also undertaking a certifying role that has a duty to act impartially between the parties. This is similar to the role of the engineer in the FIDIC Red and Yellow Books where fair determinations have to be made. It is important therefore that project managers undertaking such roles keep up to date with changes in legislation or the results of cases, to ensure that they are aware of their responsibilities.

When acting as employers' agent a project manager should understand the requirements in relation to the role they are undertaking and always act within the terms of their authority to avoid conflicts of interest and dispute.

## 2.2 Project managers as strategic advisors in a reduced brief

First-time clients and those that only require a limited service from project managers occasionally have contact with the construction industry may often need advice in the early stages of projects, but the on-going cost of a full-time project manager on smaller projects may outweigh the benefits it brings. In these circumstances a reduced scope of service concentrating on the important strategic aspects associated with project management and tailored to provide value for money may be considered. This could provide the client with a package that represents more value for money. The resultant strategic project management advisor role should concentrate on helping to define and establish the processes and procedures that are necessary to ensure that the project proceeds and is completed as planned. The required processes and procedures may be recorded in a Project Execution Plan.

**Figure 2: Project management interfaces**



Typical elements of this role may include:

- advising on the methods to adopt in the procurement and design process
- advising on methods by which to engage with the construction industry (procurement of design and construction)
- establishing an overall development programme with intermediate milestones for key activities for procurement, design and construction. This may also include an indication of key interfaces and constraints, such as planning permission
- the definition and development of client organisation structure
- identification of key stakeholders and managing their input (e.g. FM, security, IT, etc.)
- advising on statutory requirements, such as planning permission and how to obtain it
- assisting with strategic decision making and in the development of the project brief and a project execution plan
- reviewing and commenting on emerging design proposals to identify if they remain consistent with the project brief; and
- advise on the effects of any material or design alterations; and
- assisting in the handover process at completion.

## 2.3 Portfolio, programme and project management

Recent developments in terminology have included portfolio management and programme management which should not be confused with project management. As with many other emerging practices the definitions differ between organisations and continues to develop as the terminology is refined. The accepted hierarchy is (top down) Portfolio, Programme, Project.

It is not the intention of this guidance note to provide detailed explanations of portfolio and programme management. Current differentiation is;

- Portfolio is used to describe the total investment by an organisation in programmes and projects that are being used to bring about the change required to achieve its strategic business objectives. Portfolio management is concerned with the overall strategy and processes used to manage and coordinate those programmes and projects aimed at balancing organisational change with ongoing 'business as usual' activities.
- Programme management is more concerned with outcomes or strategic benefits, whereas project management concentrates on defined outputs or one-off deliverables. Programmes comprise groups of related but independent projects necessary to bring about strategic change, whereas portfolios comprise unrelated projects in an organisation or department that share funding and resources.

This section provides a summary of the main points that the client and the project manager should consider during the appointment process.



## 3 Appointing a project manager

### 3.1 Qualities to look for when selecting a project manager

Project management is mainly concerned with people, so when selecting a firm or practice, SCSI recommends that the client carries out sufficient investigation to establish that the proposed project manager has the right qualities for the project in question.

The qualities required of a project management surveyor can be summarised as:

- possessing the knowledge, ability and skill to understand the scope of the role to be undertaken and knowing how to apply them, including project management terminology, techniques and processes
- having the presence and authority to be a natural leader of the team, to be inspirational and able to communicate to the other project participants the vision and goals to be achieved
- acting in a manner that is consistent with the terms of their appointment, e.g. where required, acting in an independent, impartial and fair way when making decisions, but acting on behalf of the client at other times
- being a good communicator at various levels within the project organisation; and
- remaining calm under pressure, able to resolve difficult situations in a timely manner and having good team building and problem solving skills.

Examples of the knowledge and skills required of a project manager can be summarised as follows;

- having in-depth knowledge of design, construction and the relationship between trades and construction operations, so that the changes and the impact of the changes can be traced and understood
- demonstrating the ability to establish and maintain appropriate project procedures and record keeping commensurate with the scale and nature of the building contract and the works
- having an awareness of, and where necessary being conversant with, the different types of critical path and project programming techniques; and
- having a good understanding of risk and being able to identify and analyse project risks to understand where prudent risk taking is acceptable whilst avoiding acting recklessly or taking an unnecessarily risky approach.

The SCSI recommends that clients select chartered project managers possessing an appropriate educational or professional qualification in project management. The competency of project managers entitled to use the designation chartered project management surveyor (CPMS) will have been assessed and they will have been judged to have achieved the level required to operate in that capacity. The advantages of using CPMS are outlined in the following section.

It is recommended that an appropriate balance and weighting of price and quality of service is considered when appointing a project manager. Although it may be more advantageous for a project manager to tender the lowest price for a project, it is prudent for any client to be mindful of the quality and experience on offer when comparing tenders received from project managers.

### 3.2 Advantages of appointing a Chartered Project Management Surveyor

Project Management Surveyors are responsible for coordinating the entire development process to maximise efficiency, economy, communication and successful completion of each specific project. Their work involves technical competence, professional expertise, leadership skills, human resources and risk management. Chartered Project Management Surveyors can (and do) add value to the development equation through their unique blend of construction knowledge, professional and people skills.

For example, at concept design stage they can provide strategic advice on schematic development plans; at detailed design stage they can advise on the programme and procurement options for alternative design solutions; and during the construction phase they can motivate the design and construction team to deliver completion of the construction contract on time and within budget. The peace of mind that this gives construction clients should not be underestimated.

The benefits to clients of using a Chartered Project Management Surveyor are numerous and typically include all of the following:

- added value design solutions that optimise programme and procurement opportunities
- increased certainty that the building will be completed on time and within budget, delivered through co-ordinated and collaborative teamwork
- increased confidence that the surveyor has acquired the skills and expertise required to deliver the service required (see note below)
- confidence that the surveyor has adequate professional indemnity insurance
- access to an independent complaints handling procedure.

'Chartered' is the mark that shows a surveyor has achieved the 'gold standard' of professional competence. A chartered project management surveyor will have been assessed by a peer group of experienced professionals and judged to have the blend of commercial and inter - personal skills required to operate at the highest level in today's development and construction markets.

Note: the professional competence of chartered surveyors will have been formally assessed and judged to be satisfactory.

Chartered Project Management Surveyors will be assessed on their ability to provide reasoned advice on the professional competencies of contract practice, managing people, procurement & tendering, programming & planning. They will also have been tested on their ability to apply their knowledge in the professional competencies of construction technology, leadership, project administration, project processes & procedures, risk management, commercial/cost management, as well as audit, appraisal and evaluation of projects.

### 3.3 Evaluating proposals for project management services

Traditional methods of awarding contracts in the public sector to the lowest price have been highlighted in the past as being challenging. In a lot of cases the final price paid is often significantly more expensive than the initial proposal. Experience has also shown that lowest price does not necessarily represent value for money.

When a client appoints a project manager, it is recommended that the potential added value that the service and individuals can bring to the project should be the key driver behind the appointment decision. An appointment based solely on the basis of lowest price may not provide the best value solution. In practice, an experienced project manager appointed in the right way, has the potential to add value to the project that will exceed the cost of any fees charged.

### A word of caution

There is hardly anything in the world today that some man cannot make just a little worse and sell a little cheaper. The people who buy on price alone are this man's lawful prey.

John Ruskin (1819–1900)

It is recommended that a 'Best Value' process is adopted, i.e. one that will result in the selection of the most suitable person or firm to provide the defined scope of services for the best overall value for money for the client. The criteria that can be used to assess 'Best Value' include:

- Price (and rates)
- Quality
- Technical merit
- Aesthetic and functional characteristics
- Environmental characteristics
- Running or operating costs
- Cost effectiveness
- After sales service
- Technical assistance available
- Periods for delivery and completion, and completion date.

To establish the best value proposal, a process should be adopted that follows a predetermined evaluation methodology that is objective and provides a clear and auditable record of the appointment process. This is of particular importance in the public sector.

## 3.4 Types of contract for consultant project manager appointment

Contracts available for appointing a consultant project manager may be summarised under four generic types

- Lump Sum
- Time based
- Target
- Term/Framework

### 3.4.1 Lump sum contract

Lump sum pricing is suitable for well-defined and straightforward projects that are relatively simple. A single lump sum or a schedule of prices is used to define the amount to be paid to the project manager. Alternatively a percentage may be used to establish the amount payable.

When using a percentage it is important to define and agree what the percentage will be applied to, e.g. the approved budget, the accepted tender for the construction contract or the final cost of the works.

The inclusion of milestones or activities into which the lump sum is divided for management and payment purposes is recommended. Alternatively, period payments may be considered in which case it is important for both the employer and the project manager to agree on what is to be done and what resource has been provided in the period. As the complexity of the project increases the use of percentage of construction cost becomes less reliable. In such cases other methods may be more appropriate.

### 3.4.2 Time based (reimbursable) contract

The price paid for the services is calculated by multiplying the time spent by the applicable rate for the resource used. Other elements such as use of offices, travelling and other expenses may also be included as reimbursable elements. An incentive model may be considered in which overheads and profit elements of the fee are fixed for the project and are not adjusted for changes in the time charge (e.g. overheads and profit are based on an initial estimate of the time charge but are not increased when the actual time charge exceeds the budget. This incentivises the consultant to keep within forecast levels of time charge).

When considering the use of a reimbursable method, attention should be paid to budgeting and forecasting to ensure that the client fully understands their commitments. The use of a priced resource schedule is particularly useful and is highly recommended as it will clearly show the anticipated total, as well as the cash flow during the course of the appointment. Regular updates can be used to check that there is no significant difference between planned and actual resources or expenditure and to predict the final cost of the services at completion. The uses of earned value techniques are particularly useful in measuring progress and providing estimates of both the cost and time at completion.

It is also worth considering the use of an 'upset limit' that acts as a ceiling which the reimbursable charge will not exceed without prior written agreement or authority.

### 3.4.3 Target contracts

Target contracts introduce another method of incentivising the project manager by sharing the difference between the actual amount and the target whether it is a saving or an excess.

This type of arrangement is used by the NEC in the Target contract option of their Professional Services Contract. The amount payable is generally calculated by the application of the applicable rates to the time spent, the total of which is compared to the target. The difference may split between the parties on an equal or unequal basis, or a sliding scale can be used.

### 3.4.4 Term contracts & frameworks

Traditionally fees have been calculated on the basis of annual increases to reflect the annual increases in salaries paid to employees. As the economic climate has changed there has been a tendency towards rates and prices being fixed for the period of the contract. Whilst this is acceptable for many smaller short term appointments difficulties emerge on larger projects that span many years. The SCSl recommends that where projects are likely to extend over a long period of time indexation provisions are included so that the Fee, or part of it, increases in line with an inflation index. In circumstances where rates of inflation and interest are low, the period could be extended but care should be exercised when rates start to increase. Currently the SCSl recommends that rates and prices should be fixed for no more than two years and that an annual review in line with an appropriate index is preferable.

## 3.5 Recording the appointment

Members of SCSl are obliged to record the terms of their appointments in writing. In practice, many clients have their own bespoke standard terms and conditions for the appointment of project managers and there are a number of published forms available.

RICS has published Standard and Short Forms of Consultant's Appointment to facilitate the need for written terms of appointment. Other forms are also available; a summary of commonly used standard published forms is included in Appendix A.

The project manager is advised to consider the apportionment of risk between them and the client. The aim should be to achieve a balance between risk and liability. Using standard forms with a balanced default position should help negotiations and avoid the need for numerous specially written bespoke clauses or amendments, which can often render appointments difficult to understand. Care should be taken when agreeing limits of liability and members are advised to check with their insurers.

Any agreement between client and the project manager should include the following key elements:

- the parties to the appointment
- start and completion dates
- applicable law
- the services to be performed (which may be split between basic services and additional services – see section 4.1)
- general obligations (including standards to be exercised)
- provision for instructions and changes
- health and safety, statutory requirements and prohibited materials (if applicable)
- design responsibility (if applicable)
- limitation on liability
- collateral warranties and rights of third parties
- key (and other) personnel
- client obligations
- payment (amounts and periods)
- authority levels
- insurances



- copyright and confidentiality
- assignment, transfer of rights and obligations
- subcontracting
- suspension and termination
- execution of the agreed contract terms
- dispute resolution; and
- notices

Further explanation of these points can be found in the Explanatory Notes accompanying the Standard Forms of Consultant's Appointment published by RICS. The SCSi has published standard forms of appointment which can be downloaded at [http://www.scsi.ie/scope\\_of\\_services](http://www.scsi.ie/scope_of_services)

The RICS standard form can be used for the majority of the different services that SCSi/RICS members provide, including project management.

### Execution method

The parties must decide on the method of executing the Appointment as this will have legal implications. The limitation of Liability of Appointments executed as a deed is extended to 12 years whereas the period is only 6 years for appointments executed under hand. The precise form of the attestations may be dictated by the status of the contracting parties. For example, it may be necessary for all partners to sign when a partnership executes the agreement as a Deed. Wherever doubt or uncertainty exists legal advice must be sought.

## 3.6 Scope of services

An important part of the written appointment of the project manager is the schedule of duties or scope of services to be provided. For all project manager appointments, the client and the project manager are advised to review the range of services that are available and agree upon a definitive list.

This is equally important where clients have 'standard' scopes of services, as these may benefit from greater clarity and project specific services. Some of the standard forms of appointment include scopes of service, often providing the option for basic and additional services.

The use of standard schedules of services is useful, especially where it is co-ordinated with the design and other roles on the project. This aids clarity for each of the participants, which improves their understanding of their role, and the roles of others as well as providing a visible demonstration of the interdependencies and interrelationships between tasks which in turn should lead to a reduction in risk. Sources of scopes of service and the standard forms to which they relate are listed in Appendix A.

Most project managers are likely to use a project management methodology to deliver their services or to work to an overall plan. The scopes of services and the project management methodology should be complimentary to each other with a clear recognition of:

- the stages and gates required by the client or proposed by the project manager
- the levels of authority vested in the project manager and the approvals reserved by the client
- the instructing authority under consultant's appointments and the building contract; and
- communication routes between the various parties (client, contractor, consultants and project manager).

There is a variety of methodologies for the development process that use different terminology and include different stages. It is important that the scope of service is checked to be consistent with the stages, recognising that even if the client doesn't have any fixed methodology one may be introduced by the design team if they work to a formal method of work.



## 4 Other issues

### 4.1 Project manager and design roles

In construction contracts, a surveyor's appointment with the client is unlikely to include the roles of both designer and project manager. Project management surveyors should be aware that there is a clear distinction between the two.

The distinction will be more obvious where others are appointed by the employer, such as architects and structural or services engineers. In such cases, the project manager may need to ensure at an early stage that appointments of the other members of the professional team for the works are, or will be, put in place and that those appointments are co-ordinated with each other to provide support to the CA (whether that is the project manager or one of the other consultants) in the administration of the contract. This support will involve:

- undertaking any necessary design changes advising on any particular programme and sequence of work implications.
- advising on any costs in relation to their field of expertise
- production of sufficient design documentation or the employers' obligations under the particular building contract
- inspecting the works to ensure the design/specification is met by the contractor and advising the CA of any implications where not met
- advising the CA of any implications where not met
- preparing documents sufficient for the CA to issue instructions under the building contract; and
- in the case of the PSDP co-ordinator, advising on the adequacy of information provided for the health and safety file.

If the appointment of the chartered project manager includes responsibility for design, a check with PI insurers is recommended to ensure insurance cover is provided for both functions.

### 4.2 Project manager as an employee

There are occasions where the project manager may be the employee of the employer under the building contract; for example, where the organisation has an in-house design, property or estates:

- how independent they can be in their role as defined in the contract
- conflicts arising from their terms of employment
- the employee having the appropriate level of authority within the organisation that allows them to make determinations required under the contract
- insurance which may be required for any personal liability that may arise
- issues associated with chartered surveyors in employment in the public sector and the need to avoid providing advice to third parties without appropriate safeguards being in place.

### 4.3 Procurement and the E.U

Public procurement, whether a formal contract or not can be defined as the awarding of contracts by public bodies. The E.U has set down strict rules to ensure that the public procurement function is discharged honestly and fairly. The Department of Finance has set out the appropriate steps to follow when conducting a competitive public procurement process. Guidance Notes can be sought from the National Public Procurement Policy Unit.

In the case of procuring for public contracts, E.U procedures should be followed and maintained in all cases.

## Appendix and References

## Appendix A: Summary of common standard forms of appointment

The more common standard forms of appointment are listed in the table below, with an indication of which have published scopes of service for the project manager and those with scope of service for other disciplines.

Forms of appointment			
Publisher	Title	Scope of service for PM	Scope of service for other disciplines
RICS	Standard and short forms	Yes	Integrated scopes of service for listed disciplines, excluding designers.
APM	Standard terms for the Appointment of a Project Manager	Yes	Alternative scopes for manufacturing and construction projects
NEC	Professional Services Contract	No	Scope of service is defined by the participants
FIDIC	Client/Consultant Model Services Agreement	No	Scope of service defined by the participants
CIC	Consultants Contracts Conditions (2007)	Yes	This form uses client representative, project lead and design lead in addition to an integrates suite of services for the design roles
Public Sector	GC/Works/5 General Conditions for Appointment of Consultants	Yes	Integrates suite of scopes of service covering the majority of disciplines on a construction project.

## Appendix B: Assessment of proposals for project management services: A worked example

A system for combining price and quality in the assessment of proposals.

Proposals are evaluated using the criteria established in advance of their request. A requirement of the public procurement regulations is that the criteria and their weightings are published either in the contract notice or in the request for proposal.

The balance between price and quality is established and represented as a percentage weighting for each, e.g. 70% price, 30% Quality.

The quality criteria should be assigned a weighting of relative importance (see example). The proposals are evaluated and scores for each of the quality criteria are established which are then multiplied by the weighting to derive a weighted score. The total of the weighted scores is then multiplied by the quality weighting to derive the final weighted quality score.

The combination of the weighted quality score and the weighted price score is used as the measure of value for money, with the highest representing best value (for most economically advantageous proposal).

### Balance between price 70% and quality 30%

	Company 1	Company 2	Company 3	Company 4
Price submitted	100,000	107,000	110,000	112,000
Price score	100%	93%	91%	89%
A weighted price score	70	65.42	63.64	62.5

**Explanatory note:** Company 2 price scores  $107,000/100,000 = 93\%$

Quality evaluation criteria	Wtg	Company 1		Company 2		Company 3		Company 4	
		Score	Score x weighting	Score	Score x weighting	Score	Score x weighting	Score	Score x weighting
Key personnel	40%	70	28	85	34	95	38	95	38
Methodology	20%	78	15	80	16	89	17.8	90	18
Management policies	30%	67	20.1	80	24	93	27.9	95	28.5
Location of team	10%	69	6.9	75	7.5	85	8.5	90	9
Total weighted quality score			70.6		81.5		92.2		93.5
B Weighted quality score x quality wtg		21.18		24.45		27.66		28.05	

Summary	Company 1	Company 2	Company 3	Company 4
A Weighted price score	70	65.42	63.64	62.5
B Weighted quality score	21.18	24.45	27.66	28.05
<b>Total</b>	<b>91.18</b>	<b>89.87</b>	<b>91.3</b>	<b>90.55</b>

In this example four prices are compared, with Company 1 clearly the lowest and Company 4 the highest; see explanatory note for calculation of price scores in the Quality evaluation.

Company 3 scores highest as they have the better people, methodology and management policies. Combining price and quality indicates that Company 3 should be awarded the contract (the additional cost is warranted by virtue of the better quality).

Company 4 has the best quality score overall but the additional cost outweighs that quality advantage.

# References

## Standard terms for the Appointment of a Project Manager

### British Standards Institution (BSI)

BS 6079-1:2002 Guide to Project Management

BS 6079-2:2000 Vocabulary

BS 6079-1:2010 Principles and guidelines for the management of projects

BS 6079-1:2010 Principles and guidelines for the management of projects

BS ISO 21500:2012 Guidance on project Management

### Royal Institution of Chartered Surveyors (RICS)

GN: Managing the design delivery

GN: Contract administration

GN: Development management

GN: Development monitoring – Oceania

GN: Development monitoring – Oceania

RICS Standard form of consultants Appointment

RICS Standard form of consultants appointment (explanatory notes)

APC Pathway Guide Project Management 2012

Why Use a Project Management Surveyor

### NEC

Professional Services Contract

NEC3 Engineering and Construction Contract

International Federation of Consulting Engineers (FIDIC)

Client/Consultant Model Services Agreement

Construction Industry Council

Consultants Contract Conditions (2007)

### Joint Contracts Tribunal (JCT)

Standard forms of building contract (2011)

G.C.C.C Public works contract

Consultant's agreement

Employers design

Contractors design

CIOB Code of Practice





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