

**UNIVERSITY OF BOLTON**  
**SCHOOL OF THE BUILT ENVIRONMENT &  
ENGINEERING**  
**BSc(HONS) CIVIL ENGINEERING**  
**SEMESTER TWO EXAMINATION 2010/2011**  
**CONSTRUCTION MANAGEMENT**  
**MODULE NO: BLT3007**

Date: Wednesday 1 June 2011

Time: 10.00 am – 1.00 pm

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**INSTRUCTIONS TO CANDIDATES:**

There are SIX questions.

Answer ANY FOUR questions.

All questions carry equal marks.

Marks for parts of questions are shown  
in brackets.

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1. a. Explain why delegation is regarded as an important aspect of management and describe how effective delegation may be achieved.  
(10 marks)

- b. Outline the three schools of thought associated with the Classical Organisation theory and critically comment on the main features of this theory.  
(15 marks)

**Total 25 marks**

2. a. Groups are often used in industry to carry out particular tasks or solve problems. Discuss the factors that influence group dynamics.  
(10 marks)

- b. Offer advice on the subject of negotiation, to the client's representative preparing to meet with local residents who are not in favour of a proposed construction project.  
(15 marks)

**Total 25 marks**

**Please turn the page**

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3. The Ambassador Hotel Group plc (AHG) operates a number of hotels located across the country.

The Group entered into a contract with B&C Ltd, a local building company, for the refurbishment of their Bolton hotel. The AHG standard contract was used. It included the following term:

1. *“The Works must be completed by the Completion Date.  
The sum of £10,000 shall be payable by the contractor in liquidated damages for each day of delay in the completion of the Works after the Completion Date”.*

Because of the nature of the refurbishment work, the hotel had to remain closed for business during the full period of refurbishment

Some 7 days after the Completion Date, B&C notified AHG that refurbishment work was completed. As a result of this delay in completion, the hotel had remained closed for a period of 7 days longer than expected. AHG had no responsibility for the delay in completion.

Before the refurbishment, the hotel made £5,000 per week in profit. However, shortly after B&C started on the refurbishment work, AHG began to market the hotel for weddings. AHG secured wedding bookings for each of the 7 days after the completion date. AHG expected to make a profit of £5,000 per day for each wedding event. AHG had, of course, to cancel these bookings due to the delay in the completion.

AHG's manager inspected the work after B&C had notified completion. She discovered that the bedroom walls had not been painted in the colour specified in the contract. They should have been painted in AHG's trademark shade of blue but had in fact been painted green.

In addition, the tiles in the swimming pool which B&C had replaced, were beginning to fall off because B&C had used a water-soluble adhesive.

It will cost AHG £20,000 to repaint all the bedroom walls and £5,000 to fix the tiles in the swimming pool.

**Question 3 continued over the page...**

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**Question 3 continued**

- a. Discuss the issue of liquidated damages in general terms and examine AHG's entitlement to liquidated damages in this case.

(12 marks)

- b. Discuss the contractual situation relating to:

- i. The swimming pool

(6 marks)

- ii. The wrong paint

(7 marks)

**Total 25 marks**

4. a. Describe the circumstances you would consider appropriate for use of a cost reimbursable type contract.

(5 marks)

- b. In the context of construction procurement discuss the use of "Frameworks"

(20 marks)

**Total 25 marks**

**Please turn the page**

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5. A £1M infrastructure project is to be carried out under the ICE Conditions of Contract 7<sup>th</sup> edition (ICE7). The contract provides for a rate of retention of 5% and limit of retention of 3% of Tender Total.

a. Explain the purpose of retention and the need for a limit of that retention.

(5 marks)

b. Describe the operation of the retention provisions under the ICE7 including how retention amounts are calculated (under Clause 60) and the procedures leading to the release of retention to the Contractor.

(10 marks)

c. The Engineer realises that not only has she made a mistake in an interim payment certificate but has also certified payment for work which she later decided was not satisfactory. Under ICE7 how can the Engineer rectify the situation?

(5 marks)

d. What rights does a Contractor have under ICE7 if he is dissatisfied with the timing or amount of a Clause 60 certificate?

(5 marks)

**Total 25 marks**

6. Identify the obligations placed on designers under the CDM Regulations 2007 and discuss ways a design organisation might meet the requirements of 'So far as is reasonably practicable' (SFARP).

**Total 25 marks**

**END OF QUESTIONS**