Unit 14: Economics for Construction and the Built Environment

Unit code: J/601/1272
QCF level: 5
Credit value: 15

Aim
This unit provides learners with an opportunity to understand how wider market forces, government policies and economic activity influence the construction and built environment sector.

Unit abstract
This unit provides learners with an understanding of how the economic environment affects the construction and built environment sector. This unit has been designed to enable learners to examine, analyse and discuss the implications of economic theories on the construction and built environment sector. Learners will also gain an understanding of government economic activity and its implications for the construction and built environment sector.

Learning outcomes
On successful completion of this unit a learner will:
1 Understand the allocation of scarce resources and determination of price within the construction and built environment sector
2 Understand the factors that affect the economics of an organisation within the construction and built environment sector
3 Understand the size and economic significance of the work carried out by different sectors within construction and built environment
4 Understand how government economic activity affects the construction and built environment sector.
Unit content

1 **Understand the allocation of scarce resources and determination of price within the construction and built environment sector**

*Factors affecting resource allocation and price: markets; supply; demand; cost benefit analysis*

*Markets: determination of market equilibrium; shortages, scarcity and effect on price; price determination; changes in price; opportunity costs; consumer choice; price mechanism*

*Supply: definition; determinants of supply; supply curves; shifts and movements in supply curves*

*Demand: definition; determinants of demand; demand curves; shifts and movements in demand curves*

*Cost benefit analysis: operation of cost benefit analysis*

2 **Understand the factors that affect the economics of an organisation within the construction and built environment sector**

*Factors affecting the economics of an organisation: competition; scale of production; sources of finance*

*Competition: perfect; imperfect; monopolistic*

*Scale of production: economies of scale (internal and external); returns to scale (increasing and decreasing)*

*Sources of finance: types; sources eg loans, overdrafts, issue of shares, venture capital, factoring, hire purchase, leasing, European Union (EU); other grants*

3 **Understand the size and economic significance of the work carried out by different sectors within construction and built environment**

*Factors affecting sector: client base; area of operation; size*

*Client base: public; private; voluntary; local; regional; national; international*

*Area of operation: building; civil engineering maintenance; sub-sectors in each sector eg housing, commercial, public buildings*

*Size: number of organisations in each sector; volume of work in each sector; value of work in each sector*

4 **Understand how government economic activity affects the construction and built environment sector**

*Government policies: fiscal and monetary policies eg taxation, grants, subsidies, availability of finance, exchange rates*

*Government activities: legislation; initiatives eg urban regeneration schemes, sustainable development, Public Private Partnerships (PPP)*
### Learning outcomes and assessment criteria

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<th>Learning outcomes</th>
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<td><strong>On successful completion of this unit a learner will:</strong></td>
<td><strong>The learner can:</strong></td>
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| LO1 Understand the allocation of scarce resources and determination of price within the construction and built environment sector | 1.1 explain how markets operate using supply and demand curves  
1.2 assess the feasibility of construction schemes using cost benefit analysis |
| LO2 Understand the factors that affect the economics of an organisation within the construction and built environment sector | 2.1 examine the type of competition in the construction and built environment sector  
2.2 discuss how the scale of production can vary within construction projects  
2.3 analyse the sources of project finance available to the construction and built environment sector |
| LO3 Understand the size and economic significance of the work carried out by different sectors within construction and built environment | 3.1 examine the component parts of the construction and built environment sector in terms of size and client base  
3.2 compare the outputs of component parts of the construction and built environment sector |
| LO4 Understand how government economic activity affects the construction and built environment sector | 4.1 explain how government policies impact on the viability of construction projects  
4.2 assess how government activities stimulate or reduce activity in the construction and built environment sector |
Guidance

Links

This unit links with other Edexcel BTEC HN Construction and the Built Environment units, for example:

- Unit 4: Management Principles and Application for Construction and the Built Environment
- Unit 17: Project Management for Construction and the Built Environment
- Unit 57: Project Management for Building Services Engineering.

The content of this unit has been designed and mapped against the current CIC National Occupational Standards and the current NVQs at levels 4 and 5. Completion of the learning outcomes will contribute knowledge, understanding and skills towards the evidence requirements of the NVQs.

- See Annexe B for summary of mapping information to NVQs.

This unit has also been mapped to illustrate the links to the NQF units.

- See Annexe D for summary of mapping information to NQF units.

Essential requirements

It is essential that a culture of health and safety is embedded in all the units to ensure that the learners understand the importance and relevance of health and safety issues. Therefore there should be clearly signposted aspects of current legislation and health, safety and welfare implications throughout the delivery and assessment of this unit.

Employer engagement and vocational contexts

Tutors should organise site visits, for example to local firms to observe the impact of government activities. To ensure site visits are successful tutors should outline the aims and objectives of the visits, conduct preparatory briefings and encourage learners to review the site visits once completed. Tutors should organise presentations by visiting speakers covering local government activities and/or the work of specific local firms. Tutors should use real-life case studies, based on site visits, for part of the assessment for this unit.