
Overview

This standard is about estimating the project costs and agreeing the project budget. Project costs may involve; people, materials, equipment, facilities or services.

You will need to ensure that project costs are estimated using methods that conform to best practice in your industry. You will need to determine suitable methods for monitoring project costs and define any risks associated with the estimate. You will also need to work with stakeholders to agree the budget and make any necessary adjustments.

Project Management National Occupational Standards (PMNOS) are based on the following project management lifecycle:

- A Establish and lead the project team, and work with stakeholders
- B Define and initiate the project
- C Develop the project management plan
- D Deliver the project
- E Close and review the project

This standard is part of area C 'Develop the project management plan'.

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Performance criteria

- You must be able to:*
- P1 source sufficient information to accurately estimate the **project costs**
 - P2 determine the project costs based on all the available information
 - P3 determine suitable methods for monitoring project costs
 - P4 define the risk associated with the estimate
 - P5 agree the project budget with relevant **stakeholders** and make any necessary adjustments based on feedback
 - P6 finalise and communicate the agreed project budget to relevant stakeholders

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Knowledge and understanding

You need to know and understand:

- K1 the context of the project
- K2 relevant legislative, regulatory and organisational requirements
- K3 key stages in the project life cycle
- K4 how to determine project costs
- K5 the stakeholders that need to be involved in agreeing the project budget
- K6 the risks associated with estimates
- K7 methods for monitoring project costs
- K8 how to present the project budget and related information in a clear and precise way
- K9 procedures and formats for communicating project budgets
- K10 the use of software tools for estimating project costs

Additional Information

Scope/Range

Stakeholders:

- 1 Sponsors
- 2 Clients or customers
- 3 Relevant groups/individuals interested in the project
- 4 Relevant groups/individuals affected by the project
- 5 Relevant groups/individuals who might affect the project

Project costs:

- 1 People
- 2 Materials, equipment or facilities
- 3 Services

Glossary

Budget

The agreed cost of the project or a quantification of resources needed to achieve an activity by a set time, within which the activity owners are required to work.

Context of the project

This phrase appears in the knowledge and understanding of the National Occupational Standards (NOS) and relates to the wider context of the project that the individual will need to know about, such as the project environment, the relationship to a wider programme of work and how the project fits with organisational strategies.

The sector in which the project manager works (e.g. software development, construction, manufacturing or process industries) will have its own specific context and this phrase is intended to convey this meaning.

Life cycle

A life cycle defines the inter-related phases of a project and provides a structure for governing the progression of work.

Project

A unique, transient endeavour undertaken to achieve planned objectives.

Risk

The potential of an action or event to impact on the achievement of objectives.

Stakeholders

Project stakeholders may be internal or external to the organisation and include sponsors, clients, customers and all relevant groups/individuals with a relation to the project.

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