

# ASK THE EXPERTS: UNDERSTANDING THE CONSTRUCTION COST LANDSCAPE

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# THE PANEL



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# AGENDA

- Pre-submitted questions
- Live questions

## PRE-SUBMITTED QUESTION

**“How could the situation in Iran affect construction cost inflation over the next 6-12 months?”**

**“Should we be building additional risk allowances into cost plans and forecasts given the latest developments in the Middle East?”**

**“What impact could disruption to energy markets and global supply chains have on tender prices and procurement?”**

**WHAT’S THE LATEST VIEW ON THE COST AND PRICING IMPLICATIONS OF THE IRAN CONFLICT FOR UK CONSTRUCTION?**

## PRE-SUBMITTED QUESTION

**Has there been any feedback from the industry where materials or subcontractors cannot get to site due to shortages of materials or fuel?**

## PRE-SUBMITTED QUESTION

**We are being asked by contractors to factor in fluctuation clauses to build contracts based on the BCIS indices. The build price already allows for inflation at a certain level, which does exceed the current BCIS forecast at the mid-point build period (early 2028).**

**Any advice?**

Weighting of this resource within the basket

The index value at the agreed starting point from which cost movement is measured

The index value at the current valuation point

The change in index values between the base date and current date

The weighted index value at the base date, calculated by multiplying the index value by its assigned weighting

The weighted index value at the current date, calculated by multiplying the index value by its assigned weighting

PAFI Example - Foundations to turbine towers	Resource	PAFI Index	Weighting	Base date Jan22	Current date May26	Percentage change	Index weighted Jan22	Index weighted May26
	Civil Engineering Labour	4/CE/01	28%	118.7	157.8	32.9%	33.24	44.18
	Waste Disposal	4/HM/R15	2%	117.1	194.5	66.1%	2.34	3.89
	Aggregates including Levy	4/CE/09	2%	112.8	134.5	19.2%	2.26	2.69
	Ready Mixed Concrete	4/CE/13	32%	125.8	165.5	31.6%	40.26	52.96
	Timber	4/CE/21	3%	165.5	157.3	-5.0%	4.97	4.72
	Steel for Reinforcement	4/CE/18	18%	194.6	139.4	-28.4%	35.03	25.09
	Hired Plant	4/CE/05	15%	103.2	112.3	8.8%	15.48	16.85
	Single index (weighted)						133.56	150.38
	<b>Overall increase Jan22 to May26</b>							<b>12.6%</b>

**DATA USED IS FOR ILLUSTRATION PURPOSES ONLY. NOT REAL DATA.**

The sum of the index values above

The sum of the index values above

Change between the weighted index value at the base and current dates

## PRE-SUBMITTED QUESTION

**If you were costing/advising a client on a steel-intensive project today, what practical steps would you take to manage the risk of steel market uncertainty?**

# PRE-SUBMITTED QUESTION

**How do I filter BCIS cost analyses to find truly comparable projects?**

# PRE-SUBMITTED QUESTION

**Given the volatility in the market how do we obtain up to date cost benchmarking information?**

## PRE-SUBMITTED QUESTION

**We're seeing a lot of uncertainty around global supply chains and material costs again. How does a rebuild cost assessment account for sudden market shocks that might occur after the assessment has been completed?**

# COMMERCIAL PAYMENTS BILL

**Will a 60-day cap materially improve cash flow in construction, or will businesses find other ways to manage working capital?**

**If retentions are phased out, what mechanisms will clients and contractors use instead to manage quality and defects risk?**



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