

BCIS webinar – Construction outlook: what’s next for the industry?

BCIS held its webinar, ‘Construction outlook: what’s next for the industry?’ on 24 September 2026. During the webinar, attendees had the opportunity to submit questions.

A selection of the questions submitted can be found below, with answers from BCIS chief economist Dr David Crosthwaite and associate director for cost indices, Kseniya Savelyeva.

Q: How useful is TPI as an inflation uplift mechanism given the rapid change in prices?

A: The most appropriate inflation uplift mechanism will depend on the project and the purpose, i.e. what it intends to capture. Tender price indices measure changes in tender prices, rather than movements in underlying input costs. It must be remembered that all indices are effectively averages: they track price or cost increases over time but each index number will relate to a period of time (quarter or month), a geographical area (typically UK) and the intended subject (buildings or civil engineering, costs or prices, specific materials, trades, or forms of construction, etc). We are living through times when some prices (especially energy) are very volatile and can change from week to week but the speed at which those prices are reflected in an index will depend on the subject as well as index methodology. The BCIS All-In TPI is intended to reflect prices at commit to construct. Those prices will typically have built in assumptions about cost increases over the course of the contract as well as pricing the risk involved. The contractors’ order books will also have an impact. However, the index will also represent a range of locations and procurement choices, which will also affect the way in which the volatile market is reflected in prices. Because of this it is always important to apply specific knowledge to a published index. The key factor when selecting an index remains matching the coverage of the index to the intended purpose. Our [guide to using PAFI in contract fluctuation clauses](#) may also be helpful.

Q: What is the effect of Trump tariffs on UK construction?

A: Trump’s tariffs have an indirect and uneven effect on UK construction. US duties apply to goods entering the US, so they do not add a tariff to steel bought for a UK project. They can, however, change where steel and other materials are sold, affect global prices and make suppliers’ quotes less predictable.

For UK steelmakers, US duties make exports more difficult, although the rate depends on the product and some UK goods receive preferential treatment. For UK contractors, the more direct tariff issue is the UK’s own measure, introduced in July 2026: covered steel imports face a 50% duty if they exceed their tariff-free quota. That may raise the cost of particular steel packages, but it does not apply to all imported steel.

Q: How much of an impact on our competitiveness is net zero ?

A: Net zero is likely to have a significant, but uneven impact on the competitiveness of UK construction in the short- to medium-term, as companies face higher costs associated with decarbonisation, including low-carbon materials, energy efficiency, skills (green collar workers) and compliance with evolving standards. The impact is likely to vary significantly by sector and project, and costs need to be considered alongside potential longer-term benefits from greater energy efficiency, innovation and access to growing low-carbon markets.

Q: Will the UK Government’s £500 million grant, alongside a £1.25 billion joint investment with Tata Steel to construct a new electric arc furnace at Port Talbot, benefit steel prices in the long term ?

A: In the longer term, the government’s grant alongside Tata Steel’s investment in a new electric arc furnace at Port Talbot should strengthen the resilience of the UK’s steel supply and reduce some exposure to international supply-chain disruptions and imported raw materials. However, it is unlikely to result in significantly lower UK steel prices on its own, as prices will continue to be influenced by global steel markets, domestic demand, industrial electricity and scrap costs, and trade policies. The main benefit is likely to be greater security and resilience of domestic supply, and potentially less exposure to sharp price increases during periods of global disruption, rather than a sustained reduction in factory-gate steel prices.

Q: With muted markets and construction costs at an all time high, when do we start thinking about having to build differently to meet the government's target of 1.5 million homes?

A: In order to come closer to its target, the government must consider how homes are funded and brought to market, as well as how they are constructed. More standardised designs and efficient construction methods may reduce costs and improve delivery, but they will not make an unviable site viable on their own.

Private housebuilders deliver most new homes, and they cannot be expected to build at a loss. If sales values do not cover land, infrastructure, finance, regulatory and construction costs while providing a viable return, schemes will stall. Reaching the target therefore requires action on those barriers, alongside sustained funding for affordable and local authority housing. The latest government estimate is 437,900 net additional homes have been delivered in England since the start of this Parliament, leaving a substantial increase in delivery still needed.

Q: With private housing output forecast to fall sharply while affordable housing funding begins to support RP pipelines, what is BCIS’s central 18–24 month outlook for RP-led residential construction specifically? How does BCIS expect tender prices, bidder appetite, programme durations and delivery capacity to differ from private housing?

A: Work led by registered providers (RPs) should become a more dependable source of residential activity over the next 18–24 months, as funding allocations move into procurement and construction. We would expect a gradual increase in starts, rather than an immediate surge: each scheme still needs a viable funding package, an available site, approvals and a contractor able to deliver it. The first allocations under the £39 billion Social and Affordable Homes Programme give providers greater scope to plan, but funding does not remove those delivery tests.

Bidder appetite could be stronger for funded, well-prepared RP schemes than for speculative private developments whose start dates depend on sales conditions. That does not necessarily mean lower RP tender prices. Contractors will price the scheme’s specification, risks, programme and payment terms, while higher input costs continue to put pressure on bids.

RP programmes may have more dependable funding once committed, but pre-construction can still take time, particularly where land, infrastructure, planning or building safety approvals are unresolved. Delivery capacity is shared with private housebuilding, so a stronger RP pipeline will draw on many of the same contractors and trades. Some affordable homes also depend on private schemes progressing through Section 106 agreements. The key distinction is greater potential funding visibility, not immunity from viability or capacity constraints.

Q: Housing activity is contracting while water, energy and grid investment remain stronger. Over the next 18–24 months, which residential trades, materials and regions are most exposed to capacity being lost through insolvency or drawn into infrastructure? When should clients expect this to affect bidder availability, programme durations and tender prices?

A: The trades most likely to work across housing, utilities and other growing sectors such as data centres include groundworks, drainage, electrical and M&E specialists. Copper, steel and electrical equipment may also face competing demand. For now, weak housing workloads mean many main contractors remain keen to bid. Over the next 18–24 months, insolvencies could reduce specialist capacity while funded projects draw on some of the same supply chains. Clients may see fewer suitable subcontractor quotes, longer lead times or shorter price validity before any wider effect on housing tender prices becomes clear. The timing will depend on when projects reach procurement and construction locally.

Q: The introduction of the new Gateway system for local plan examination has led to a surge in local plans being submitted in 2026, all aiming for examination in 2027 which the Planning Inspectorate will likely struggle to complete. Does this have implications for delivery of market and affordable housing?

A: Where a delayed plan holds up decisions about land allocation or infrastructure, it could slow the pipeline for both market and affordable housing. There is a particular risk around the 31 December 2026 deadline for submitting plans under the legacy system: the government has acknowledged that it will increase demand for examination services. The Planning Inspectorate also says inaccurate timetables can delay the appointment of inspectors. We cannot assume every plan submitted in 2026 will be examined in 2027, or that every housing scheme must wait for a new plan to be adopted. The effect on delivery will depend on each authority’s existing plan, its sites and the decisions needed to bring them forward.