Standardisation in Construction Cost Control

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Standardisation in Construction Cost Control
(A Method of Approach)
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The Construction Sector
The construction sector consists of the on-site construction assembly including repair maintenance works. This includes the site preparation, construction of all building structures and infrastructure up to and including building decoration. This also includes the supply chain of construction related products and raw materials. Furthermore the definition also includes the professional services such as management, design and facilities management.

The Origin of the Quantity Surveyor
The quantity surveying profession came into existence in the late 18th century due to the increase in building works and the clients’ dissatisfaction with the method of setting costs. The treat of invasion to England by France during the Napoleonic Wars (1803-1815), saw the urgent construction of military barracks to house large garrisons of British soldiers prior to transportation across the English Channel. The urgency reduced the period for design and tendering the projects. It was agreed to value the cost of construction by a “settlement by fair valuation based on measurement after the completion of the construction works”. This lead to the move away from the cost based contracting system and the introduction of the single builder or group of tradesmen “contracting in gross”. 1828 saw the use of separate trade contracting discontinued by the British Government for public contracts. General contractors came into being during the Industrial Revolution (1760-1840). The surveying profession was recognised in 1868 with the establishment of the Royal Institute of Chartered Surveyors (RICS).

Cost Control in Construction
More recently the quantity surveyor has been recognised for the profession’s role in costs management. The role falls to different professions depending on the country and type of project. Organisations such as the Construction Economists of the European Union (CEEC) recognise the “cost engineer” and “construction economist” in this function also.

Use of Bills of Quantities (BoQ)
Various formats for BoQ, exist dependent on industry sector and geographical location. The function however is the same world wide – to provide a uniform means for pricing the works by all tendering parties.

Elemental Standards for Cost Control in Construction
In the 1970s cost planning came to prominence. It was seen as an attempt to introduce more rigour and accuracy in the pre-cost contract process. At roughly the same time the Irish Government introduced the National Standard of Building Elements and Cost Control Procedures. However, nearly 40 years later research ,by BCIS (2009), shows 50% of countries surveyed not having a published elemental standard or using “ad-hoc” or “foreign” standards. No common expression for cost per M² existed in terms of cost definition and floor area. The level of cost information and data classification falls short of what many professionals would welcome in many countries.

Construction as a measure of Economic Growth
Records from the Central Statistics office (CSO) show that since 2015 that the Irish Gross National Product has increased and with it the gross value of construction output. As seen in the Production Value Index for Ireland – Source CSO (2019)

The need for a Global Standard
ISO (2015) define standards are “strategic tools that reduce cost by minimising waste and errors, and increasing productivity”. The Economic Commission for Europe (2002) noted the need for standardisation to address market needs. The World Trade Organisation (WTO) (2013) “obliges governments to use international standards as a basis for regulation”.

The International Construction Measurement Standards (ICMS)
No one single method of measurement is used by those responsible for the preparation or recording of construction costs. The standard methods of measurement are generally used in the compilation of BoQ. Currently more than 45 professional bodies form the ICMS Coalition. The Standard Setting Committee of the ICMS are responsible for the development of the new International Cost measurement Standard. The first edition was published in 2017. The 2nd Edition is currently in public consultation and addresses Life Cycle Costing. The 3rd Edition will look at integrating Building information Modelling (BIM) into ICMS.