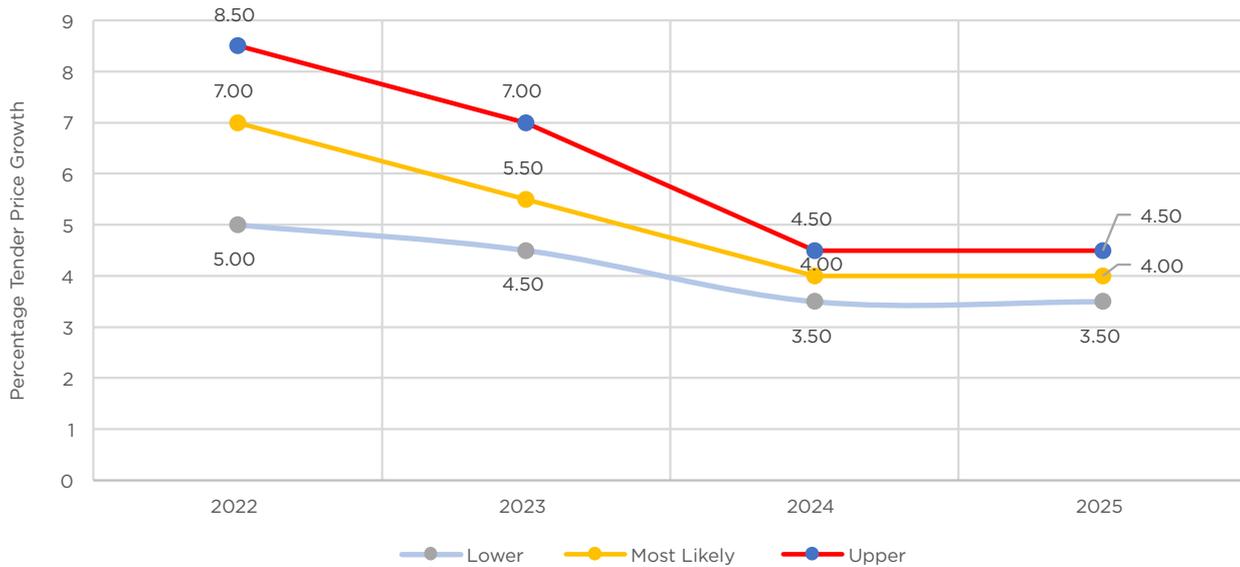


# NORTH WEST

Source	% Uplift reported	DATED	2022	2023	2024	2025
North West	Lower	April 2022	5.00	4.50	3.50	3.50
North West	Most Likely	April 2022	7.00	5.50	4.00	4.00
North West	Upper	April 2022	8.50	7.00	4.50	4.50
Competitors/Others - Upper Range (Yorks and Humber)		April 2022	4.50	4.00	4.00	4.50
Competitors/Others - Lower Range (Yorks and Humber)		April 2022	2.50	2.50	2.00	2.00
BCIS (National)		31/03/2022	7.30	2.40	4.00	3.60

### Tender Price Change - North West



## OVERVIEW - North West

For the major cities of the north west, namely Liverpool and Manchester, major issues can be said to be bundled in what is an unprecedented grouping of effects. With Brexit and Covid as yet not fully expelled from the risk-list, now we have the Ukraine situation, backed-up by large increases in energy costs, rapid and growing general inflation, general vehicle fuel increases and also the change of tax regime surrounding red diesel. On top of all of that, we face commodities price increases flowing through into building materials costs and creating a perfect storm of price rises and wider market-uncertainty.

The normal construction environment features the ebb and flow of well-known and priceable risks, existing in a framework of known work quantity and readily understandable pricing structures. However, that certainty is lacking at present, as previously existing supply chains are in doubt, lead-times are extending, and contractors and sub-contractors alike are reluctant to commit to the usual fixed price contractual relationships.

All of this necessarily elongates negotiation phases leading to bringing contractors on-board, and complicates the commercial structure of agreements. Traditional solutions to procurement are badly strained in these circumstances, due to the balance of risk and uncertainty being weighted heavily in the direction of uncertainty.

RLB TPI uplift this year is forecast as most likely to be around 7%, with a lower figure of 5% and a higher figure of 8.5%, depending on the continuing fall-out from the three major economic shocks of Brexit, Covid and Ukraine. Such figures are far above the normal expectation of 2-4%, being broadly double that, and more. Looking farther on, 2023 is forecast to show a similar outlook, before settling-down somewhat in 2024. These forecasts are of course very fluid, and will likely change in the next quarter, but they are broadly in-line with that of BCIS and other commentators.

From clients' standpoint, appropriate economic outcomes depend upon managing their own and understanding contractors' risk exposure. So, moving forward in the current circumstances, there is a premium on negotiation and communication to ensure that compromises can be reached that can work on both sides of contractual fences and can deliver reasonable outcomes in the face of unparalleled risk positions.