**TAKING THE FEAR OUT OF COST-PLUS CONTRACTS**

With the construction industry becoming cautious of fixed price contracts in the wake of the Russian invasion of Ukraine, construction and design specialist contractor Dan Grimshaw says there are advantages to using cost-plus contracts instead.

Dan, founder of Beam Development, who are based in Bath and London, says: “Some clients are nervous about entering into a cost-plus contract because they think it is open-ended and it will finish when it finishes and cost what it costs.

“Although there is an element of uncertainty in doing a project this way, such agreements still have their place in construction because of the certainty they bring; and with no variations, no application, and valuations, it all speeds up the workflow.

“You only to pay for what you’ve done and for what it costs; and if the actual cost of the project is lower than the target cost any savings can be shared between the parties to the contract on a pre-agreed basis.”

Dan says more and more contractors are opting for the cost-plus option in response to the Ukraine conflict which has influenced construction materials costs and availability.

“Cost-plus contracts do require a level of trust and an acceptance of the risk that some things might go up in price,” he added.

“However, we provide the same detailed costings and the same plans for cost plus contracts as we do for fixed price contracts. We don’t sign the contract on it, but we still use it as a base. You still know what is going to happen.”

Dan says in a recent project, his firm did less structural work than anticipated and saved the client £8000. On a fixed price contract, he would have been allowed to value the project at £15,000 but as the actual work required came in at just £7,000 this is what the client was charged.

Last month, the Construction Leadership Council issued an inaugural guidance note on the Ukraine conflict telling firms to keep up the spirit of collaboration forged at the start of the covid-19 pandemic if they are to avoid legal disputes.

For further information visit: [www.beamdevelopment.co.uk](http://www.beamdevelopment.co.uk)

**ENDS**

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