

Life Cycle Costs and ICMS

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SUMMARY

Life cycle costs (LCC) play a pivotal role in the financial management of construction projects around the world. As a part of the whole life cost (WLC), they allow critical decisions to be made about the importance of capital and longer-term costs that ultimately affect asset performance, longevity, disaster resilience and sustainability. It is for this reason that the ICMS Coalition has revised and extended the scope of International Construction Measurement Standards (ICMS) to incorporate this broader cost classification. This new edition supersedes the first edition of ICMS (July 2017) although this second edition can still be used solely for capital cost reporting.

Since its inception, the driving principle behind ICMS has been that consistent practice in presenting construction costs globally will bring significant benefits to construction cost management. As such ICMS aim to provide global consistency in classifying, defining, measuring, recording, analysing, presenting and comparing entire life cycle costs of construction projects at regional, state, national or international level. ICMS are a high-level cost classification system. The globalisation of the construction business has only increased the need to make this meaningful comparative analysis between countries, not least by international organisations such as the World Bank Group, the International Monetary Fund, various regional development banks, non-governmental organisations and the United Nations.

Since their introduction to the market in 2017, ICMS have already been adopted by a number of high-profile bodies seeking to benchmark project costs internationally. To date this includes large public sector project sponsors, global cost consultancies, constructors, and other construction sector stakeholders (for a list of business support partners visit <https://icms-coalition.org/>).

ICMS have been created through a transparent, detailed and inclusive standards-setting process.

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The second edition has followed the same development method as the first. A second independent Standards Setting Committee (the SSC) was formed, including experts in life cycle costing as well as some of the experts who developed the first edition. The SSC worked virtually and met twice, once in Dubai and once in London.

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