

Construction Resource Cost Indices Notes and Definitions

Introduction

The Resource Cost Indices give a measure of the notional trend of input costs to a contractor in terms of increases in the cost of labour, materials and plant by application of the Price Adjustment Formulae for Building (Series 3), Specialist Engineering (Series 3) and Civil Engineering (1990 Series) to cost models.

Where applicable, separate resource cost indices are available for Building work; Mechanical services (heating and ventilating); Electrical works; Labour and Plant; and Materials, as well as combined indices.

The resource cost indices do not take into account current market conditions experienced by a contractor on a particular project (i.e. materials discounts or premiums paid for resources in short supply).

Notes for this Period

N/A

Coverage

The Resource Cost Indices are produced by the Building Cost Information Service (BCIS) on behalf of the Department of Business, Innovation and Skills (BIS) and consist of the following:

Resource Cost Index of Building Non-Housing (NOCOS): Building work

Resource Cost Index of Building Non-Housing (NOCOS): Mechanical work

Resource Cost Index of Building Non-Housing (NOCOS): Electrical work

Resource Cost Index of Building Non-Housing (NOCOS): Labour and plant

Resource Cost Index of Building Non-Housing (NOCOS): Materials

Resource Cost Index of Building Non-Housing (NOCOS): Combined

Resource Cost Index of House Building (HOCOS): Building work

Resource Cost Index of House Building (HOCOS): Mechanical work

Resource Cost Index of House Building (HOCOS): Electrical work
Resource Cost Index of House Building (HOCOS): Labour and plant
Resource Cost Index of House Building (HOCOS): Materials
Resource Cost Index of House Building (HOCOS): Combined

Resource Cost Index of Road Construction (ROCOS): Labour and plant
Resource Cost Index of Road Construction (ROCOS): Materials
Resource Cost Index of Road Construction (ROCOS): Combined

Resource Cost Index of Infrastructure (FOCOS): Labour and plant
Resource Cost Index of Infrastructure (FOCOS): Materials
Resource Cost Index of Infrastructure (FOCOS): Combined

Resource Cost Index of Maintenance of Building Non-Housing (NOMACOS): Building work
Resource Cost Index of Maintenance of Building Non-Housing (NOMACOS): Mechanical work
Resource Cost Index of Maintenance of Building Non-Housing (NOMACOS): Electrical work
Resource Cost Index of Maintenance of Building Non-Housing (NOMACOS): Labour and plant
Resource Cost Index of Maintenance of Building Non-Housing (NOMACOS): Materials
Resource Cost Index of Maintenance of Building Non-Housing (NOMACOS): Combined

Resource Cost Index of Maintenance of House Building (HOMACOS): Building work
Resource Cost Index of Maintenance of House Building (HOMACOS): Mechanical work
Resource Cost Index of Maintenance of House Building (HOMACOS): Electrical work
Resource Cost Index of Maintenance of House Building (HOMACOS): Labour and plant
Resource Cost Index of Maintenance of House Building (HOMACOS): Materials
Resource Cost Index of Maintenance of House Building (HOMACOS): Combined

Resource Cost Index of All Construction (ALLCOS): New work
Resource Cost Index of All Construction (ALLCOS): Repair and maintenance
Resource Cost Index of All Construction (ALLCOS): All work
Resource Cost Index of All Construction (ALLCOS): Labour and plant
Resource Cost Index of All Construction (ALLCOS): Materials

Application and Relevance

The Resource Cost Indices measure the movement in input costs paid by contractors for labour, plant and materials for the various categories of construction work shown above. This movement is often different to the movement in contractors' tender prices which are charged

out to clients. The difference is due to market conditions throughout the supply chain (e.g. including sub contractors and merchants), wastage and productivity. Knowledge of this difference is invaluable to anyone budgeting, estimating, tendering or paying for construction work.

The indices are national averages. Material prices are generally representative of UK prices. Labour prices are generally representative of wage agreements in England and Wales.

Publication

Quarterly and annual versions of the Resource Cost Indices are published. The quarters are calendar quarters (e.g. first quarter covers January, February and March).

Annual indices are based on the mean of the quarterly indices and relate to the calendar year.

The indices are published quarterly at 9.30am on the Monday following the second Friday of the last month in the quarter, i.e. in March, June, September and December.

The latest calculated index values available will be for the quarter prior to the quarter of the date of publication.

There are no monthly index values.

Revision Policy

A provisional index will first be published for the quarter prior to the publication quarter. Changes between the provisional index and a firm index are typically around 1%.

The index is normally held provisional for one quarter, after which it is published as a firm index. The index value may change as the index becomes firm.

Once published as firm, the index will not be changed for revisions in the input data. A firm index will only be changed in exceptional circumstances: to correct publication errors or in the event of a change in methodology. If a revision to a firm index is necessary then the index will be marked as 'R' for the current publication, but this marker will be removed in subsequent publications. Changes in methodology will be recorded under notes and definitions. Any major changes or revisions will be pre-announced, where practicable, together with the reasons for revisions and how they are handled.

Annual indices will always be updated to reflect changes in the quarterly series.

Range

The earliest available annual NOCOS indices are for 1980, and for HOCOS, ROCOS, FOCOS, NOMACOS and HOMACOS annual indices are available from 1985. The earliest available annual ALLCOS indices are for 1991.

The earliest available quarterly indices are for 1st quarter 1990, apart from the ALLCOS indices which are available from 1st quarter 1991.

Calculation Method

The Resource Cost Indices are weighted averages of the Price Adjustment Formulae Indices June 1990=100 and are weighted according to the categories of construction work shown above.

The weightings for HOCOS, ROCOS, FOCOS, NOMACOS, HOMACOS and ALLCOS were assessed by a panel of Chartered Quantity Surveyors in 1998. The weightings for NOCOS, previously known as APSAB, were assessed when the index was first published in the 1970s.

Base

The Resource Cost Indices are set at 100 at the base year of 1995.

Superseded Series

The current NOCOS index series supersedes the indices previously known as APSAB.

Further Information

Enquiries about the indices should be addressed to BCIS.

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