Calculation of the RICS Community Infrastructure Levy (CIL) Index

The RICS CIL Index for the year in which it applies is calculated in the October of the previous year.

The Index is calculated as the arithmetic mean of the four quarters of the BCIS Tender Price Index (TPI) prior to the 4th quarter each year as calculated by BCIS in October of that year. The annual index will therefore be the mean of the 4th Quarter of the previous year and the first three quarters of the year in which it is calculated, rounded to the nearest whole number.

For Example:

2020 RICS CIL Index = mean of BCIS TPI index numbers for 3Q2019, 2Q2019, 1Q2019 and 4Q2018

The index is published as a continuation of the BCIS TPI figures (1985=100) used in the previous regulations so that it can be applied to existing agreements as well as the basis for new schedules.

The available BCIS TPI figures will be a mix of panel-based estimates and project-based calculations, see details of BCIS TPI calculation.

Once published the index will not normally be revised.

Calculation of BCIS TPI

Introduction

BCIS All-in Tender Price Indices (TPI) measure the trend of contractors' pricing levels in accepted tenders, i.e. cost to client, for schemes let on a lump sum basis built up from rates and quantities, usually Bills of Quantities.

Bills of Quantities, or other pricing documents, submitted to BCIS are repriced using a base schedule of rates, which is applied to a sample of measured items for building work. Results from the sample taken from each trade are used to estimate the tender for the project as if it had all been priced using the base schedule. The method aims to match a balance of trades, but M&E services and proprietary items are not usually matched. The base tender figure is compared with the actual tender figure to produce a project index. Standard adjustments are applied to the project index to remove some of the differences in index level expected for projects of different size, from different regions and using different procurement methods. These adjustments are reviewed from time to time. A number of projects are indexed in this way and the resulting project index figures are averaged (using the geometric mean), to produce the published indices, which are therefore current weighted indices.

The BCIS Tender Price Indices are based on accepted tenders for new building work with contract sums over £100,000 (no maximum), which have been priced in competition or by negotiation. The current average contract value in the sample is around £5 million.
Estimates for the latest quarters are based on the results of the BCIS Panel Tender Price Index (see below) until there are enough projects available. These are published as 'Provisional'.

The BCIS TPI covers new building work in the UK and includes all sectors (public, private and housing) and both firm and fluctuation contracts. The index is based on schemes collected mainly from the BCIS membership.

Status: because the BCIS TPI is based on a sample of projects, adding a further scheme to the sample can change the index figure at any time. The status of the indices is therefore indicated by the sample size, which will give an indication of the extent to which the figure may change. BCIS rarely adds projects to a quarter more than 18 months after the end of the quarter.

Figures that are wholly or partially based on the BCIS Panel TPI are published as ‘Provisional’.

During the transition from the panel estimate to a calculated index figure, there is the chance that the index will change dramatically as the calculated figure will inevitably be based on a small sample. To minimise this effect, the index is calculated as follows during the transition period:

- Current quarters Index is based on the panel estimate; no sample size shown
- Previous quarters while sample is less than 4 Index is based on the estimate from the BCIS TPI Panel the status is shown as provisional; no sample size shown
- Sample between 4 and 19 Index is a weighted combination of the calculated index and the BCIS TPI Panel estimate the status is shown as provisional and sample size shown

When the sample reaches 20 Index is calculated from the sample; the sample size shown (status is blank).

Since March 1988, the BCIS TPI series have been published on a 1985 mean = 100 base.

The use of the BCIS Panel TPI for the most recent quarters was introduced on 1st February 2019 starting with the index for 4Q2018.

The projects sampled are allocated to calendar quarters by contractual base date. If no base date is defined under the contract (e.g. for fixed price contracts), then the date for receipt of tenders is used.

All indices were originally calculated for quarters. The quarters are calendar quarters (e.g. first quarter covers January, February and March).

**BCIS Panel Tender Price Index**

The BCIS Panel Tender Price Index is intended to measure the trend of contractors’ pricing levels in accepted tenders, i.e. cost to client. It is based on a Delphi survey.
The Delphi method is a structured communication technique or method, originally developed as a systematic, interactive forecasting method that relies on a panel of experts. The experts answer questionnaires in two or more rounds to arrive at a consensus.

BCIS has recruited a panel of practising cost consultants from firms involved in multiple tenders in each quarter. A questionnaire asking for the individual panel members experience in a last quarter is completed. The questionnaire also requests contextual details for the responses, i.e. location, size, procurement routes, sectors. The results are analysed and reported to the panel for discussion. A consensus increase is agreed following the discussion.

The result is a percentage change in the quarter.

The index is used to provide an estimate of the BCIS All-in Tender Price Index in the latest quarter. It will be combined with results from project indices until there are sufficient projects available to replace the estimate.

The panel is convened quarterly.

The questionnaire asks for increases mid-quarter to mid-quarter:

- Quarter 1: Change mid-November to mid-February.
- Quarter 2: Change mid-February to mid-May.
- Quarter 3: Change mid-May to mid-August.
- Quarter 4: Change mid-August to mid-November.

The index is intended to reflect the scope of the BCIS All-in Tender Price Index, which is based on project indices generally single stage, traditional procurement, average value < £5million, (minimum £100,000, no maximum). Excludes M+E and other specialist trades, e.g. facades. We have assumed this reflects market projects let on single stage Design and Build and Specification and Drawings.

For details of the index and terms and conditions of use see [Link to webpage](#)

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