



Department  
for Business  
Innovation & Skills

Ed Humpherson  
Director General for Regulation  
UK Statistics Authority  
1 Drummond Gate  
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10 December 2014

Dear Ed

### **Suspension of Construction Price and Cost Indices and Change in Designation to Experimental Statistics**

As you are aware, BIS has recently undertaken a review of the methodology used to produce the National Statistics on construction price and cost indices (PCIs), followed by a user consultation on our proposals. We published our response to the consultation on 13 November, and documents outlining the new methodology in more detail on 20 November. The construction PCIs are used widely by the industry to adjust contract prices and by ONS to deflate estimates of construction output and Gross Fixed Capital Formation (GFCF) (buildings and other structures, and dwellings). We have worked closely with ONS in the development of the new methodology. The new indices were due to be published on 12<sup>th</sup> December. During final quality assurance it has become clear that indices produced using the new methodology are not yet ready for publication and as a result I have decided that it would be best not to publish until I am content that the statistics are ready. I have published an announcement<sup>1</sup>, and amended the publication calendar.

I would also like to suggest that when we are ready to publish the new statistics, they should be regarded as experimental. This will be a significant change to the methodology, and it would be helpful to involve users and stakeholders in their development. I hope that we would quickly be able to ask for them to be reassessed. Please could you let me know if you are content with this.

Siobhan Carey

Head of Profession for Statistics

Cc Sam Beckett, Director General, Economics and Markets, BIS

Jenny Bates, Director, Analysis, BIS

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<sup>1</sup> <https://www.gov.uk/government/collections/price-and-cost-indices>