

## Inflation indices

**Table 1**

Year	BCIS/ABI <sup>1</sup>		Retail Price <sup>2</sup>	
	Rebuilding Cost Index (1988=100)	% increase	Index (1986/87= 100)	% increase
1995	126.0	6.1	147.9	2.9
1996	129.2	2.5	152.3	3.0
1997	134.6	4.2	156.5	2.8
1998	143.3	6.5	160.6	2.6
1999	148.9	3.9	164.3	2.3
2000	154.6	3.8	168.1	2.1
2001	165.7	7.2	172.1	2.4
2002	176.6	6.6	177.6	3.2
2003	183.8	4.1	182.6	2.8
2004	191.3	4.1	188.1	3.1
2005	206.1	7.7	193.1	2.7

Hospital and community health services (HCHS) pay and price inflation is a weighted average of two separate inflation indices: the pay cost index (PCI) and the health service cost index (HSCI). The PCI measures pay inflation in the HCHS. The PCI is itself a weighted average of increases in unit staff costs for each of the staff groups within the HCHS sector. Pay cost inflation tends to be higher than pay settlement inflation because of an element of pay drift within each staff group. Pay drift is the tendency for there to be a gradual shift up the incremental scales, and is additional to settlement inflation. The estimate of pay inflator for the current year is based on information supplied by the Department of Health and is based on pay awards of NHS staff. The HSCI is calculated monthly to measure the price change for each of 40 sub-indices of goods and services purchased by the HCHS. The sub-indices are weighted together according to the proportion of total expenditure which they represent to give the overall HSCI value. The pay cost index and the health service cost index are weighted together according to the proportion of HCHS expenditure on each. This provides an HCHS combined pay and prices inflation figure.

**Table 2**

Year	Hospital & Community Health Services (HCHS)		
	Pay and Prices Index (1987/8=100)	Annual percentage increases	
		Prices	Pay <sup>3</sup>
1996/97	170.6	1.5	3.3
1997/98	173.5	0.4	2.5
1998/99	180.4	2.5	4.9
1999/00	188.6	1.2	6.9
2000/01	196.5	-0.3	7.2
2001/02	206.5	0.1	8.3
2002/03	213.7	1.0	5.0
2003/04	224.8	1.5	7.3
2004/05	232.0	1.0	4.5
2005/06	241.3 (E) <sup>4</sup>	1.9	5.6 (E) <sup>4</sup>

1 Building Cost Information Service (2006) *Indices and Forecasts*, BCIS, Royal Institute of Chartered Surveyors, Kingston-upon-Thames.

2 Source [www.statistics.gov.uk/statbase](http://www.statistics.gov.uk/statbase).

3 Provided by the Department of Health.

4 Estimated by PSSRU and agreed by the Department of Health.

Table 3

Year	Personal Social Services Prices/Gross Domestic Product Deflator <sup>1</sup> Annual percentage increase	Tender Price Index for Public Sector Building (non-housing) (PUBSEC) <sup>2</sup>	
		Index (1995=100)	% increase
2002/03	3.1	136	4.6
2003/04	3.0	145	6.6
2004/05	2.7	156	7.6
2005/06 (E)	2.1	166	6.4

Table 4

Year	PSS All Sectors, All Clients <sup>2</sup>				PSS All Sectors, Adults Only <sup>2</sup>			
	Pay & Prices Index (excluding capital) (1992/3=100)	Annual percentage increases			Pay & Prices Index (excluding capital) (1992/3=100)	Annual percentage increases		
		Pay & Prices (excluding capital)	Pay & Prices (including capital)	Pay		Pay & Prices (excluding capital)	Pay & Prices (including capital)	Pay
2002/03	143.8	5.0	5.0	5.3	143.8	5.0	4.9	5.3
2003/04	149.6	3.9	4.2	4.0	149.4	3.9	4.3	4.1
2004/05	155.2	3.9	4.3	4.0	154.9	3.7	4.3	3.9
2005/06 (E)	160.5	3.4	3.8	3.6	160.2	3.4	3.8	3.6

Table 5

Year	PSS Local Authority, All Clients <sup>2</sup>				PSS Local Authority, Adults Only <sup>2</sup>			
	Pay & Prices Index (excluding capital) (1992/3=100)	Annual percentage increases			Pay & Prices Index (excluding capital) (1992/3=100)	Annual percentage increases		
		Pay & Prices (excluding capital)	Pay & Prices (including capital)	Pay		Pay & Prices (excluding capital)	Pay & Prices (including capital)	Pay
2002/03	143.4	6.3	4.7	4.8	143.4	4.7	4.7	4.8
2003/04	149.1	4.0	3.9	3.8	148.7	3.7	3.9	3.8
2004/05	155.5	4.3	4.6	4.5	155.0	4.2	4.4	4.3
2005/06 (E)	160.8	3.4	3.6	3.5	160.2	3.4	3.6	3.5

1 Provided by the Department of Health.