

## **GUIDANCE NOTE GN 2.3.4**

### **Tender Price Indexation - Calculation, Notification and Application**

Office of Government Procurement

Tender Price Indexation  
Calculation and Application

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## Section 1 Introduction

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The sustained increase in the price of construction materials throughout 2021 has prompted the introduction of a suite of interim amendments to the public works contract forms PW-CF1 – PW-CF6 inclusive.

These interim amendments, published on 7 January 2022, represent a package of measures that act collectively to deliver greater certainty to those tendering for projects under these forms of public works contracts with respect to material price inflation. The amendments rebalance the extent of inflation risk that contractors (and named Specialists) are required to carry by addressing the potential for material price volatility a) in the period between tender submission and the award of the contract and b) within the fixed price period.

### *Purpose of Guidance Note*

This guidance deals with the new provision introduced to permit limited indexation of the tendered sum for the period between the date of the tender submission (which will be referred to as the Designated Date in this note) and date of the award of the contract (which will be referred to as the Contract Date). It explains as follows:

1. How to calculate the adjustment at the point where the decision to award the contract has been made;
2. How that adjustment is communicated and recorded, and;
3. How the adjustment is to be applied depending on whether you are using standard forms or PW-CF1 – PW-CF5 inclusive or PW-CF6.

With respect to material price inflation after the award of the contract, separate guidance will be available shortly in an updated GN 1.5.2 on the amendments to the price variation clauses in forms PW-CF1 – PW-CF5 inclusive. PW-CF6 does not have a price variation clause.

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## Section 2 Calculating the inflation that arises between the Designated Date and the Contract Date

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Any entitlement to an adjustment to the tendered sum for material price inflation is determined by reference to the magnitude of the movement in a specified index (“**the relevant index**”) between the Designated Date and the Contract Date respectively (“**the reference dates**”), that is in excess of a defined threshold. There is no reduction to the tendered sum as a result of deflation in the relevant index between the reference dates.

The relevant index is the “All Materials” category in Table 3 (Detailed Wholesale Price Indices (ex VAT) for Building and Construction Materials, Base: Year 2015=100) of the Statistical Release for Wholesale Price Index published by the Central Statistics Office (CSO).

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## Section 2

## Calculating the inflation that arises between the Designated Date and the Contract Date

There are two separate formulae, both are derived from the same principles, and differ only in the manner in which the adjustment is applied.

The formula used with PW-CF1 – PW-CF5 inclusive and the NN-Subcontract derives an “Applicable Factor” that is used to adjust instalments of the Contract Sum that the Contractor shall be entitled to under sub-clause 11.1.2 (where based on rates in the Pricing Document).

Where, in the contract, there are Specialists named by the Employer (i.e. Reserved or novated Specialists), separate Applicable Factors are derived for the main contractor and named Specialists as their tenders take place at different times and so a single adjustment to the main contractor’s tendered sum would not be appropriate. The Applicable Factor for Specialists is applied to that element of the Contract Sum (based on rates in the Pricing Document) payable to named Specialists.

The formula used with PW-CF6 applies an adjustment to the tendered Price and is made prior to the award of the contract.

The formula for use with forms PW-CF1 – PW-CF5 inclusive is<sup>1</sup>:

$$AF(C) = 1 + (0.238 \times ((RI_2 - RI_1)/RI_1 - 0.006))$$

where:

RI is the Relevant Index Figure

RI<sub>1</sub> is the latest Relevant Index Figure published by the CSO at the Designated Date

RI<sub>2</sub> is the latest Relevant Index Figure published by the CSO prior to the day which is the day before the date of the Letter to Successful Tenderer or the date of the Letter of Acceptance.

AF(C) is the number, simply expressed to four decimal places, to be inserted in the Schedule, part 3D as the Applicable Factor (Contractor).

Where, as a result of the application of the above formula, AF(C) equals either the number one (1), or is less than the number one (1), the number one (1.0000) shall be inserted in the Schedule, part 3D as the Applicable Factor (Contractor).

The same formula is used for Reserved Specialists with a slightly different expression<sup>2</sup>.

*Continued on next page*

<sup>1</sup> See Appendix 4 in ITT-W1 & ITT-W2. Appendix 6 in ITT-W1a

<sup>2</sup> See Appendix 4 in ITT-W8

2.1 Formulae  
(continued)

The formula for use with PW-CF6 is<sup>3</sup>:

$$M = 0.238 \times T \times ((RI_2 - RI_1)/RI_1) - 0.006$$

where:

RI is the Relevant Index Figure

RI<sub>1</sub> is the latest Relevant Index Figure published by the CSO at the Designated Date

RI<sub>2</sub> is the latest Relevant Index Figure published by the CSO prior to the day that is the day before the date of the Letter to Successful Tenderer or the date of the 'Tender Accepted'.

T is the successful Tenderer's tendered Price.

M is the amount to be added to the successful Tenderer's tendered Price (T) to arrive at the final adjusted tendered Price for insertion into Part 1A of the 'Tender Accepted'.

Where the result of the application of the above formula is either the number zero (0), or is less than the number zero (0), then M shall be zero and the final adjusted tendered Price to be inserted by the Employer in Part 1A the 'Tender Accepted' is T, the successful Tenderer's tendered Price.

The defined threshold value of 0.006 is a *de minimis* threshold, above which an adjustment will take place.

The factor of 0.238 is applied to limit the application of the adjustment to a proportion of a tender price relating to the materials element.

The relevant index is published at monthly intervals, retrospectively reporting the gathered data. Contracting authorities are required to determine the appropriate relevant index figure in accordance with the formula in order to arrive at the Applicable Factor. Guidance on how to look up the relevant index figure for the reference dates is available at Appendix I to this note.

The adjustment is initially calculated at the point that the Letter to the Successful Tenderer is issued. Thereafter, the calculation is repeated where a more recent relevant index is published prior to the issue of the Letter of Acceptance (or Tender Accepted in the case of PW-CF6) in accordance with the requirements of the formulae.

The formula specifies that the index used for the Designated Date must be that relevant index published a specified period prior to the Designated Date. The same applies for the Letter to the Successful Tenderer, i.e. the index is that published a specified period prior to the date that the Letter to the Successful Tenderer is sent (and similarly for the Letter of Acceptance/Tender Accepted).

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<sup>3</sup> See Appendix 4 in ITT-W4 & ITT-W5

## Section 2

## Calculating the inflation that arises between the Designated Date and the Contract Date

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Contracting authorities should note that, depending on the date in the month that the reference dates fall, and the date in the month that the relevant index is published, this may mean that the published relevant index is up to two months prior to the month in which either the Designated Date or the issue of the Letter to Successful Tenderer falls – see the worked example in Appendices II for calculating the Applicable Factor for PW-CF1 – PW-CF5 inclusive and Appendix III demonstrates how to calculate the adjustment to the successful tenderer’s tendered Price for PW-CF6.

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*At the point where the Letter to the Successful Tenderer is issued*

Where the contract used is PW-CF1 – PW-CF5 inclusive, the successful tenderer is notified of the Applicable Factor, and the Tender Inflation Indexation Date (which is the last day of the month in which the last published relevant index occurs on the day before the day that the Letter to the Successful Tenderer is issued) in the Letter to Successful Tenderer. This also applies where the tender is for a novated or Reserved Specialist.

If PW-CF6 is the contract in use, the adjustment to the tendered Price is notified to the successful tenderer in the Letter to the Successful Tenderer. There is no price variation clause in PW-CF6 and so the Tender Inflation Indexation Date does not apply to PW-CF6.

*Between the Letter to Successful Tenderer and the award of contract*

Subsequently, should the CSO publish a relevant index in the period falling between the issue of the Letter to the Successful Tenderer and the Letter of Acceptance or (Tender Accepted, in the case of PW-CF6) that complies with the requirements of the formula, the relevant calculation must be repeated using the latest such available relevant index figure, and the successful tenderer informed of the revised value. A new template letter has been published for this purpose. The template letter may be found in the suite of notification letters which can be found under Model Form MF 1.2 on the Capital Works Management Framework website.

*Recording of final inflation data in the contract documents*

Where the form of contract in use is PW-CF1 – PW-CF5 inclusive, the contracting authority inserts the value of the Applicable Factor (Contractor) in the Form of Tender and Schedule, part 3D. The Tender Inflation Indexation Date must also be inserted in the Schedule, part 3E. This is the last day of the month and year of the last published relevant index on the day before the Letter of Acceptance (or any subsequent notification of an updated index) is sent. This date becomes the start date for the fixed price period set out in the applicable price variation clause in the contract (PV1 or PV2).

Where Specialists (novated or Reserved) are named by the Employer in the contract, the Form of Tender and Schedule, part 3B must be updated to include the Applicable Factor (Specialist) for each named Specialist.

*Named Specialists*

The tender for a novated Specialist follows the same format as that outlined for a main contractor under PW-CF1 – PW-CF5 inclusive as described above.

Where Reserved Specialists form part of the contract the same process as outlined heretofore for contract forms PW-CF1 – PW-CF5 inclusive, applies. The only difference is that the Applicable Factor (Specialist) is included in the Form of Tender and Appendix (FTS 13), part 3A and the Tender Inflation Indexation Date (which is the same as that for the main contract) is inserted in the Form of Tender and Appendix, part 3B.

The Applicable Factor (Specialist) for any named Specialists (novated or Reserved) are also listed in the Schedule, part 3B to the main contract.

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Where the form of contract is PW-CF6, the tendered Price is subject to adjustment prior to the award of the contract, and applications for interim payments are based on the adjusted tendered Price, paid in instalments in accordance with sub-clause 4.1.

Where the form of contract is PW-CF1 – PW-CF5 inclusive, sub-clause 11.1.3 provides that for those portions of the Contract Sum payable to the Contractor, or named Specialists (where there are any), the rates in the Pricing Document are adjusted by the relevant Applicable Factor (unless the Contractor has applied the Applicable Factor in the application for payment, in which case this must be identified by the Contractor).

The recommended approach is that following the assessment of the instalment of the Contract Sum due on an interim basis under 11.1.2, the Applicable Factor (Specialist) is applied to that portion of the instalment of the Contract Sum payable to Specialists [by the Contractor] (if any), and the Applicable Factor (Contractor) is applied to that portion of the instalment of the Contract Sum not payable to the Specialists.

This approach means that there is no requirement to adjust individual rates in the Pricing Document, the Employer's Representative concludes the assessment of the statement based on the rates in the Pricing Document and prior to making any deductions permitted under the contract.

Note that the Applicable Factor may only be applied to those portions of the Contract Sum that are based on **rates in the Pricing Document**. Where the cost of a Compensation Event is not valued using rates in the Pricing Document i.e. such as under sub-clause 10.6.3 or 10.6.4, such costs are not subject to adjustment by the Applicable Factor.

It is important that the Applicable Factor is only applied once and only once in the payment application process. See Appendix IV for a worked example of the payment application process.

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## Appendix I How to look up the Relevant Index Figure

1. The Relevant Index Figure used in the Tender Inflation Adjustment Formula in the Instructions to Tenders ITT-W1, ITT-W1a, ITT-W2, ITT-W4, ITT-W5 and ITT-W8 is the published index figure for the relevant month for the category “All Materials” in Table 3 (Detailed Wholesale Price Indices (ex VAT) for Building and Construction Materials, Base: Year 2015=100) of the Statistical Release for Wholesale Price Index published by the Central Statistics Office (CSO).
2. The CSO statistical releases for the Wholesale Price Index are published at monthly intervals, retrospectively reporting the gathered data for the previous month. For instance, the Statistical Release published on 22<sup>nd</sup> April 2021 contains the WPI index for March 2021. This guide will illustrate how to obtain a Relevant Index Figure for March 2021.
3. The monthly releases can be found [here](#)<sup>4</sup> (see Figure 1).
4. Once you have accessed the above link, in order to find the required month/year of the Relevant Index Figure, select ‘all releases’ option.



**Figure 1: Select 'all releases' option.**

5. You will then be presented with a list of Release Archives from 1999 – present year (See Figure 2). Firstly select the relevant year and then the month of the Wholesale Price Index you wish to view.

*Continued on next page*

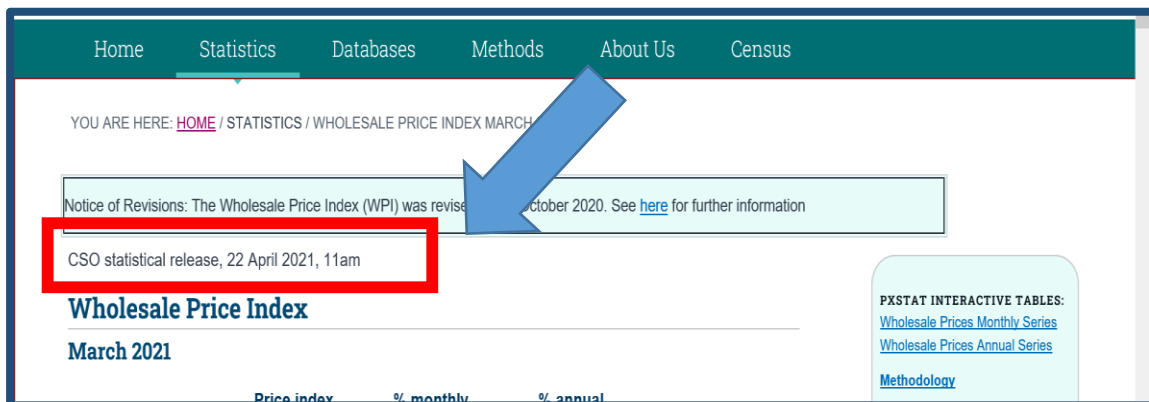
<sup>4</sup> <https://www.cso.ie/en/statistics/prices/wholesalepriceindex/>

## Appendix I How to look up the Relevant Index Figure



**Figure 2: Select the Wholesale Price Index month you wish to view**

6. You will then be presented with the WPI data for the relevant month (see Figure 3 and Figure 4).



**Figure 3: Note CSO statistical release date**

7. Take note of the CSO statistical release date at the top of the page to ensure that that the date of publication is the appropriate date for the purpose of the formula.
8. Scroll to the bottom of the page where you will find a list of WPI Tables (see Figure 4).
9. Select 'Show Table 3 Detailed Wholesale Price Indices (excluding VAT) for Building and Construction Materials' to expand.

*Continued on next page*

## Appendix I How to look up the Relevant Index Figure



**Figure 4: Select 'Show Table 3' to expand**

10. You will then be presented with Table 3 (see Figure 5) detailing the Building and Construction Materials 'Index', 'Monthly % Change' and 'Annual % Change' information for the selected month. If you wish to view the Table in Excel format, there is the option to do so, as highlighted in image below.
11. For "All Materials" category (located in the last row of Table 3), identify the index value for the relevant month.
12. In this example, the relevant Index Figure for March 2021 is 108.4.

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## Appendix I How to look up the Relevant Index Figure

Hide Table 3 Detailed Wholesale Price Indices (excluding VAT) for Building and Construction Materials

Table 3 Detailed Wholesale Price Indices (excluding VAT) for Building and Construction Materials  
Base: Year 2015 = 100

Materials	Index		Monthly % Change			Annual % Change
	Feb 2021	Mar 2021	Jan 2021	Feb 2021	Mar 2021	Mar 2021
Stone, sand and gravel	103.3	103.3	0.0	-0.6	0.6	0.3
Stone	101.9	103.1	1.3	-0.4	1.2	0.3
Sand and gravel	110.5	107.9	-5.7	-1.2	-2.4	0.4
Cement	122.1	122.1	1.4	0.0	0.0	1.5
Ready mixed mortar and concrete	104.8	104.6	0.7	-0.8	-0.2	-2.6
Concrete blocks and bricks	103.8	104.7	0.5	-0.8	0.9	1.7
Other concrete products	105.0	105.0	0.0	0.0	0.0	0.0
Precast concrete	112.3	112.3	0.0	0.0	0.0	0.0
Other concrete products (Excluding precast concrete)	104.4	104.4	0.0	0.0	0.0	0.0
Structural steel and reinforcing metal	117.8	119.8	2.4	0.6	1.7	5.1
Structural steel	123.2	123.6	1.6	0.1	0.3	2.2
Fabricated metal	124.0	124.0	0.4	0.0	0.0	0.3
Other Structural steel	117.5	120.6	13.1	1.3	2.6	22.4
Reinforcing metal	109.4	114.0	3.8	1.2	4.2	10.0
Other steel products	107.1	107.3	0.0	0.5	0.2	3.6
Rough timber (including plain sawn)	109.4	123.1	1.0	0.7	12.5	15.3
Hardwood	107.6	107.6	0.0	0.0	0.0	0.0
Other	109.6	125.1	1.1	0.8	14.1	17.2
Other timber	105.2	105.3	0.0	0.0	0.1	0.1
Windows and doors	107.2	107.4	0.0	0.0	0.2	0.2
Other	102.8	102.8	0.0	0.0	0.0	0.0
Bituminous macadam, asphalt and bituminous emulsions	101.3	100.2	1.6	0.4	-1.1	1.4
Bituminous macadam and asphalt	101.5	100.2	1.7	0.4	-1.3	1.7
Bituminous emulsions	97.7	98.4	3.1	0.6	0.7	-8.9
Electrical fittings	105.0	108.8	0.6	0.3	3.6	4.8
Lighting equipment	107.3	107.3	0.0	0.0	0.0	0.0
Protection & communication equipment	103.1	103.9	0.0	0.0	0.8	0.9
All other materials	105.7	106.8	0.3	0.3	1.0	1.5
Plumbing materials incl. sanitary ware	105.6	105.6	0.7	0.0	0.0	0.0
HVAC (heating & ventilation equipment)	102.5	102.5	-1.1	0.0	0.0	-1.9
Insulating materials	103.9	103.9	0.0	1.3	0.0	1.3
Pipes and fittings	108.8	110.0	1.4	0.0	1.1	4.1
PVC	113.5	114.6	1.2	0.0	1.0	2.2
Copper	107.2	108.5	1.3	1.2	1.2	4.7
Plaster	118.8	125.6	0.9	7.5	7.5	8.0
Paints, oils and varnishes	121.3	121.5	0.0	0.0	0.2	0.3
Glass	89.0	94.1	0.0	5.7	5.7	0.2
All other metal fittings	111.1	115.4	1.8	3.9	3.9	5.8
Other metal fittings	103.8	103.8	0.0	0.4	1.0	0.8
<b>All materials</b>	108.4	108.4	0.7	0.0	1.7	2.3

View table in PxStat

Open in Excel: [Wholesale Price Index March 2021 Table 3 \(XLS 12KB\)](#)

Hide Table

Figure 5: The Relevant Index Figure for March 2021 is 108.4. Note the option to view Table 3 in Excel format.

## Appendix II Calculating the Applicable Factor (Contractor) PW-CF1 – PW-CF5

### Worked Example 1

In this worked example

- The Designated Date fell on 19<sup>th</sup> March 2021.
- The Letter to the Successful Tenderer was issued on 8<sup>th</sup> August 2021.
- All figures used in this Worked Example are for illustrative purposes only.

Step	
<i>Establish RI<sub>1</sub></i>	RI <sub>1</sub> =106.6 (Refer to Note 1)
The Designated Date fell on 19 <sup>th</sup> March 2021. On that date, the latest Relevant Index Figure published by the CSO was:	
<i>Establish RI<sub>2</sub></i>	RI <sub>2</sub> =114.7 (Refer to Note 2)
The date of the Letter to Successful Tenderer fell on 8 <sup>th</sup> August 2021. The day before the date of the Letter to Successful Tenderer was 7 <sup>th</sup> August 2021. Prior to that date, the latest Relevant Index Figure published by the CSO was:	
<i>Subtract RI<sub>2</sub> – RI<sub>1</sub>.</i>	114.7 – 106.6 = 8.1
<i>Divide result obtained in step 3 by RI<sub>1</sub>.</i>	8.1 / 106.6 = 0.07598499
<i>Subtract 0.006 from the result obtained in Step 4.</i>	0.07598499 – 0.006 = 0.06998499
<i>Multiply the result of step 5 by 0.238.</i>	0.06998499 * 0.238 = 0.01665643
<i>Add 1 to arrive at AF(C)</i>	1 + 0.01665643 = 1.01665643
<i>The number for the Applicable Factor for the Schedule, part 3D is</i>	“1.0166”
<i>The Tender Inflation Indexation Date for the Schedule, part 3E is the last day of</i>	“June 2021”

### Notes

#### Note 1

- The Designated Date fell on 19<sup>th</sup> March 2021.
- The CSO published the January 2021 WPI Statistical Release on 22<sup>nd</sup> February 2021<sup>5</sup> (i.e. *before* the Designated Date).
- The CSO published the February 2021 WPI Statistical Release on 22<sup>nd</sup> March 2021<sup>6</sup> (i.e. *after* the Designated Date).
- Therefore, on 19<sup>th</sup> March 2021, the *latest* Relevant Index published was in Table 3 of the January 2021 Statistical Release, the value of the index for the ‘All Materials’ category is 106.6, therefore RI<sub>1</sub> = 106.6

#### Note 2

- The date of the Letter to the Successful Tenderer was 8<sup>th</sup> August 2021.
- The CSO published the June 2021 WPI Statistical Release on 22<sup>nd</sup> July 2021<sup>7</sup> (i.e. *before* the date of the Letter).
- The CSO published the July 2021 WPI Statistical Release on 20<sup>th</sup> August 2021<sup>8</sup> (i.e. *after* the date of the Letter).
- Therefore, prior to 7<sup>th</sup> August 2021, the *latest* Relevant Index published was in Table 3 the June 2021 Statistical Release and the value of the index for the ‘All Materials’ category is 114.7, therefore RI<sub>2</sub> = 114.7.

<sup>5</sup> See <https://www.cso.ie/en/releasesandpublications/er/wpi/wholesalepriceindexjanuary2021/>

<sup>6</sup> See <https://www.cso.ie/en/releasesandpublications/er/wpi/wholesalepriceindexfebruary2021/>

<sup>7</sup> See <https://www.cso.ie/en/releasesandpublications/er/wpi/wholesalepriceindexjune2021/>

<sup>8</sup> See <https://www.cso.ie/en/releasesandpublications/er/wpi/wholesalepriceindexjuly2021/>

## Appendix II Calculating the Applicable Factor (Contractor) PW-CF1 – PW-CF5

### Worked Example 2:

In this worked example:

- The Designated Date fell on 30<sup>th</sup> April 2019.
- The Letter to the Successful Tenderer was issued on 30<sup>th</sup> October 2019.
- All figures used in this Worked Example are for illustrative purposes only.

Step	
1. Establish $RI_1$ The Designated Date fell on 30 <sup>th</sup> April 2019. On that date, the latest Relevant Index Figure published by the CSO was:	$RI_1=107.5$ (Refer to Note 1)
2. Establish $RI_2$ The date of the Letter to Successful Tenderer fell on 30 <sup>th</sup> October 2019. The day before the date of the Letter to Successful Tenderer was 29 <sup>th</sup> October 2019. Prior to that date, the latest Relevant Index Figure published by the CSO was:	$RI_2=107.4$ (Refer to Note 2)
3. Subtract $RI_2 - RI_1$ .	$107.4 - 107.5$ $= - 0.1$
4. Divide result obtained in step 3 by $RI_1$ .	$- 0.1 / 107.5$ $= - 0.00093023$
5. Subtract 0.006 from the result obtained in Step 4.	$- 0.00093023 - 0.006$ $= - 0.00693023$
6. Multiply the result of step 5 by 0.238.	$- 0.00693023 * 0.238$ $= - 0.0016494$
7. Add 1 to arrive at $AF(C)$	$- 0.0016494 + 1$ $= 0.9983506$
8. As the number arrived at for $AF(C)$ is less than 1, the number for the Applicable Factor for the Schedule, part 3D is	"1.0000"
9. The Tender Inflation Indexation Date for the Schedule, part 3E is the last day of	"September 2019"

### Notes

#### Note 1

- The Designated Date fell on 30<sup>th</sup> April 2019.
- The CSO published the March 2019 WPI Statistical Release on 18<sup>th</sup> April 2019<sup>9</sup> (i.e. before the Designated Date).
- The CSO published the April 2019 WPI Statistical Release on 22<sup>nd</sup> May 2019<sup>10</sup> (i.e. after the Designated Date).
- Therefore, on 30<sup>th</sup> April 2019, the latest Relevant Index published was in Table 3 of the March 2019 Statistical Release, the value of the index for the 'All Materials' category is 107.5, therefore  $RI_1 = 107.5$ .

#### Note 2

- The date of the Letter to the Successful Tenderer was 30<sup>th</sup> October 2019.
- The CSO published the September 2019 WPI Statistical Release on 22<sup>nd</sup> October 2019<sup>11</sup> (i.e. prior to the day before which is the day before (i.e. 29<sup>th</sup> October) the date of the Letter (i.e. 30<sup>th</sup> October).
- The CSO published the October 2019 WPI Statistical Release on 22<sup>nd</sup> November 2019<sup>12</sup> (i.e. after the date of the Letter).
- Therefore, prior to 29<sup>th</sup> October 2019, the latest Relevant Index published was in Table 3 of the September 2019 Statistical Release and the value of the index for the 'All Materials' category is 107.4, therefore  $RI_2 = 107.4$ .

<sup>9</sup> See <https://www.cso.ie/en/releasesandpublications/er/wpi/wholesalepriceindexmarch2019/>

<sup>10</sup> See <https://www.cso.ie/en/releasesandpublications/er/wpi/wholesalepriceindexapril2019/>

<sup>11</sup> See <https://www.cso.ie/en/releasesandpublications/er/wpi/wholesalepriceindexseptember2019/>

<sup>12</sup> See <https://www.cso.ie/en/releasesandpublications/er/wpi/wholesalepriceindexoctober2019/>

## Appendix III Calculating the adjustment to the tendered Price PW-CF6 only

### Worked Example 1

In this worked example:

- T, the successful Tenderer's tendered Price is €750,000 exclusive of VAT.
- The Designated Date fell on 19<sup>th</sup> March 2021.
- The Letter to the Successful Tenderer was issued on 8<sup>th</sup> August 2021.
- All figures used in this Worked Example are for illustrative purposes only.

Step	
1. Multiply T by 0.238.	€750,000 * 0.238 = €178,500
2. Establish $RI_1$ The Designated Date fell on 19 <sup>th</sup> March 2021. On that date, the latest Relevant Index Figure published by the CSO was:	$RI_1=106.6$ (Refer to Note 1)
3. Establish $RI_2$ The date of the Letter to Successful Tenderer fell on 8 <sup>th</sup> August 2021. The day before the date of the Letter to Successful Tenderer was 7 <sup>th</sup> August 2021. Prior to that date, the latest Relevant Index Figure published by the CSO was:	$RI_2=114.7$ (Refer to Note 2)
4. Subtract $RI_2 - RI_1$ .	$114.7 - 106.6$ = 8.1
5. Divide result obtained in step 4 by $RI_1$ .	$8.1 / 106.6$ = 0.07598499
6. Subtract 0.006 from the result obtained in Step 5.	$0.07598499 - 0.006$ = 0.06998499
7. Multiply the result of step 6 by the result obtained in step 1 to obtain M.	$0.06998499 * €178,500$ M = €12,492.32
8. Add T to M to arrive at the final adjusted tendered Price (ex VAT)	$€750,000 + €12,492.32$ = €762,492.32
9. The final adjusted tendered Price (ex VAT) to be inserted into the Tender Accepted Part 1A is:	<b>€762,492.32</b>

### Notes

#### Note 1

- The Designated Date fell on 19<sup>th</sup> March 2021.
- The CSO published the January 2021 WPI Statistical Release on 22<sup>nd</sup> February 2021<sup>13</sup> (i.e. before the Designated Date).
- The CSO published the February 2021 WPI Statistical Release on 22<sup>nd</sup> March 2021<sup>14</sup> (i.e. after the Designated Date).
- Therefore, on 19<sup>th</sup> March 2021, the latest Relevant Index published was in Table 3 of the January 2021 Statistical Release, the value of the index for the 'All Materials' category is 106.6, therefore  $RI_1 = 106.6$

#### Note 2

- The date of the Letter to the Successful Tenderer was 8<sup>th</sup> August 2021.
- The CSO published the June 2021 WPI Statistical Release on 22<sup>nd</sup> July 2021<sup>15</sup> (i.e. before the date of the Letter).
- The CSO published the July 2021 WPI Statistical Release on 20<sup>th</sup> August 2021<sup>16</sup> (i.e. after the date of the Letter).
- Therefore, prior to 7<sup>th</sup> August 2021, the latest Relevant Index published was in Table 3 the June 2021 Statistical Release and the value of the index for the 'All Materials' category is 114.7, therefore  $RI_2 = 114.7$ .

<sup>13</sup> See <https://www.cso.ie/en/releasesandpublications/er/wpi/wholesalepriceindexjanuary2021/>

<sup>14</sup> See <https://www.cso.ie/en/releasesandpublications/er/wpi/wholesalepriceindexfebruary2021/>

<sup>15</sup> See <https://www.cso.ie/en/releasesandpublications/er/wpi/wholesalepriceindexjune2021/>

<sup>16</sup> See <https://www.cso.ie/en/releasesandpublications/er/wpi/wholesalepriceindexjuly2021/>



## Appendix III Calculating the adjustment to the tendered Price PW-CF6 only

### Worked Example 2

In this worked example:

- T, The successful Tenderer's tendered Price is €750,000 exclusive of VAT.
- The Designated Date fell on 30<sup>th</sup> April 2019.
- The Letter to the Successful Tenderer was issued on 30<sup>th</sup> October 2019.
- All figures used in this Worked Example are for illustrative purposes only.

Step	
1. Multiply T by 0.238.	€750,000 * 0.238 = €178,500
2. Establish $RI_1$ The Designated Date fell on 30 <sup>th</sup> April 2019. On that date, the latest Relevant Index Figure published by the CSO was:	$RI_1=107.5$ (Refer to Note 1)
3. Establish $RI_2$ The date of the Letter to Successful Tenderer fell on 30 <sup>th</sup> October 2019. The day before the date of the Letter to Successful Tenderer was 29 <sup>th</sup> October 2019. Prior to that date, the latest Relevant Index Figure published was:	$RI_2=107.4$ (Refer to Note 2)
4. Subtract $RI_2 - RI_1$ .	107.4 – 107.5 = - 0.1
5. Divide result obtained in step 4 by $RI_1$ .	- 0.1/107.5 = - 0.00093023
6. Subtract 0.006 from the result obtained in Step 5.	- 0.00093023 – 0.006 = - 0.00693023
7. Multiply the result of step 6 by the result obtained in step 1 to obtain M.	- 0.00693023 * €178,500 M = - €1,237.04
8. Add T to M to arrive at the final adjusted tendered Price (ex VAT)	€748,762.95
9. As the number for the final adjusted tendered Price is less than the tendered Price, the Price to be inserted in the Tender Accepted Part 1A is the tendered Price	<b>€750,000</b>

### Notes

#### Note 1

- The Designated Date fell on 30<sup>th</sup> April 2019.
- The CSO published the March 2019 WPI Statistical Release on 18<sup>th</sup> April 2019<sup>17</sup> (i.e. before the Designated Date).
- The CSO published the April 2019 WPI Statistical Release on 22<sup>nd</sup> May 2019<sup>18</sup> (i.e. after the Designated Date).
- Therefore, on 30<sup>th</sup> April 2019, the latest Relevant Index published was in Table 3 of the March 2019 Statistical Release, the value of the index for the 'All Materials' category is 107.5, therefore  $RI_1 = 107.5$ .

#### Note 2

- The date of the Letter to the Successful Tenderer was 30<sup>th</sup> October 2019.
- The CSO published the September 2019 WPI Statistical Release on 22<sup>nd</sup> October 2019<sup>19</sup> (i.e. prior to the day before which is the day before (i.e. 29<sup>th</sup> October) the date of the Letter (i.e. 30<sup>th</sup> October).
- The CSO published the October 2019 WPI Statistical Release on 22<sup>nd</sup> November 2019<sup>20</sup> (i.e. after the date of the Letter).
- Therefore, prior to 29<sup>th</sup> October 2019, the latest Relevant Index published was in Table 3 of the September 2019 Statistical Release and the value of the index for the 'All Materials' category is 107.4, therefore  $RI_2 = 107.4$ .

<sup>17</sup> See <https://www.cso.ie/en/releasesandpublications/er/wpi/wholesalepriceindexmarch2019/>

<sup>18</sup> See <https://www.cso.ie/en/releasesandpublications/er/wpi/wholesalepriceindexapril2019/>

<sup>19</sup> See <https://www.cso.ie/en/releasesandpublications/er/wpi/wholesalepriceindexseptember2019/>

<sup>20</sup> See <https://www.cso.ie/en/releasesandpublications/er/wpi/wholesalepriceindexoctober2019/>



## Appendix IV Worked example of an interim payment application, sub-clause 11.1

Where adjusted by the ER under sub-clause 11.1.3 (and not by the Contractor in their application)

Item	Description	Amount €	Adjusted by multiplying the relevant Applicable Factor, where permitted	Total Amount after Adjustment €
<b>A</b>	<b>Contract value of the Works properly executed by the Contractor and broken down as follows:</b>			
<b>A.1</b>	<b>Portion not payable to named Specialists</b> (as per pricing document and including any Contractor's Documents as required)	350,000.00	1.066 <i>AF(C)</i>	373,100.00
<b>A.2</b>	<b>Portion payable to named Specialists</b>	50,000.00	1.052 <i>AF(S)</i>	52,600.00
<b>B</b>	<b>Unfixed works items (sub-clauses 11.1.2(2)) broken down as follows:</b>			
	Contractor	10,000.00	1.066 <i>AF(C)</i>	10,660.00
	Specialist Contractor	0.00	1.052 <i>AF(S)</i>	0.00
<b>C</b>	<b>Compensation Events</b>	0.00	n/a	0.00
<b>D</b>	<b>PV1/PV2 (as appropriate)</b>	0.00	n/a	0.00
	<b>CUMULATIVE VALUATION TO DATE (Excluding VAT &amp; Retention)</b>			<b>€ 436,360.00</b>

Table 1: Example of Reconciled Contractor Interim Application Summary showing application of Applicable Factor

*Continued on next page*

### **A. Contractor Direct Works**

The Contract value of the Works properly executed by the Contractor (according to the pricing document, as a portion of the Contract Sum) and broken down (per sub-clause 11.1.1 (3)) as follows:

**A1** Not payable to named Specialists: The value of the works is then adjusted by the Applicable Factor (Contractor). Contractor's documents are shown here, where priced within the pricing document.

**A2** Payable to named Specialists: The value of the specialist works is then adjusted by the Applicable Factor (Specialist).

### **B. Unfixed Work Items**

The summary value for Unfixed Works Items as defined in accordance with sub-clauses 11.1.2 (2) and 11.2. This value of Contractor and Specialist Unfixed Works Items should be identified separately prior to adjustment using the relevant Applicable Factor (AF).

### **C. Compensation Events**

Where compensation events are valued in accordance with either sub-clause 10.6.1 or 10.6.2, rates in the pricing document used to determine the adjustment to the Contract Sum are subject to adjustment by the relevant Applicable Factor and noted within the determination. Where compensation events are valued under sub-clauses 10.6.3 and 10.6.4 an adjustment using the relevant Applicable Factor shall not apply, as the rates in the Pricing Document are not used.

### **D. Price Variation (PV1/PV2)**

Where Price Variation is determined using PV1 or PV2, an adjustment shall not apply unless rates in the Pricing Document are used to calculate the relevant adjustment to the Contract Sum as a result of the application of the price variation clause.

### **Cumulative Valuation to Date:**

This is the total value of all adjusted and non-adjusted values within the reconciled interim application under sub-clause 11.1.3. This value is then transferred to the payment recommendation (Table 2.) and is adjusted for retention, VAT (as applicable) and the value of previous recommendations.

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## Appendix IV Worked example of an interim payment application, sub-clause 11.1

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	Amount (Excl. of VAT) €	VAT @13.5% €	Amount (Incl. of VAT) €
Cumulative Valuation to date	436,360.00		
Retention @ 5% on € 436,360.00	21,818.00		
Cumulative Valuation less Retention	414,542.00	55,963.17	470,505.17
Less Previous Recommendation	325,000.00	43,875.00	368,875.00
Total Now Due to Contractor	89,542.00	12,088.17	101,630.17

Table 2: *Payment Recommendation Example*

### Retention

When retention is being paid out in accordance with sub-clause 11.3 it will not be subject to adjustment by the Applicable Factor as the adjustment for the relevant Applicable Factor(s) has been taken into account within the Cumulative Valuation to date calculation.

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