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Spon's Price Book Update 2005

Nr. 1

INCORPORATING CHANGES UP TO 1st NOVEMBER 2004

The *Update* covers the *Architects' and Builders' Price Book*, the *Civil Engineering and Highway Works Price Book*, the *Landscape and External Works Price Book* and the *Mechanical and Electrical Services Price Book*. Details of changes in material prices, wage rates etc. are given and the various indices and adjustment factors presented in the books are brought up to date.

Each of the Price Books is dealt with separately in its own section of the *Update*. Information on changes to the *Architects' and Builders' Price Book* appear on pages 5 to 8, the *Civil Engineering and Highway Works Price Book* on pages 9 to 10, the *Landscape and External Works Price Book* on pages 11 to 12 and the *Mechanical and Electrical Services Price Book* on pages 13 to 16.

Corrections are headed *'Erratum'* and boxed to distinguish them from updated information.

Since the 2002 edition, each series of published updates throughout the year no longer includes a complete history of prior changes. Therefore, if, at any time, you have not previously obtained a copy of an earlier *Update*, please go on-line at www.Pricebooks.co.uk to download a version.

Year 2006 editions of Spon's Price Books will be available in September 2005.

Unless otherwise stated, wages and prices within the four books are still current.

Executive Summary

- Tender prices rose by 1.4% in Greater London in the third quarter 2004 following a period of stability and 2.3% over the year since third quarter 2003
- Tender prices in the rest of U.K. have risen by 3% to 5% over the last year
- High demand from China has seen prices for steel, other metals and oil, climb at unprecedented rates, but there is hope for some moderation in 2005
- With Davis Langdon's fourth quarter 2004 tender index at 245, across-the board prices in the *Architects' and Builders' Price Book 2005 edition* are still 2% higher than current market prices
- A new three-year wage award for Electricians was promulgated on 26 July 2004, the first part of which will come into effect on 10 January 2005. This will be included in *Update 2005/2*

The Economic Climate

Although Greater London experienced an easing of workload during 2003 and the first part of 2004, almost every other region in the UK has seen construction output and new orders continue to rise. As a consequence, whereas tender prices rose by 1.4% in Greater London in the third quarter 2004, and 2.3% over the year since third quarter 2003, tender prices elsewhere have risen by 3% to 5% over the last year, fuelled by demand and rising input costs.

Contractors might still be sharpening their pencils for small to medium sized projects in London, but the value of new orders secured by contractors has recovered strongly, dominated by some big orders in the commercial sector e.g. the £600m redevelopment of Battersea Power Station and Arsenal's new £220m football stadium. New orders in both the public and private housing sectors were also strong in the first half of 2004 and the shortfall in workload in the capital may now be over. Across the nation, Government continues to invest strongly in education and health. Away from London, most contractors' order books are relatively full, which bodes well for 2005.

Materials

The driving force behind material increases this year, has been the sharp increases in oil, steel and other basic material prices, due to demand from a booming Chinese economy.

In the U.K. the basic price for structural steel has now risen by 50% since the beginning of the year, most recently a £30 a tonne rise at the beginning of October: in total this has translated into erected steel prices approximately 15% higher. A further rise of £20 a tonne on basic prices is currently expected in January 2005.

Steel reinforcement prices, and other base metal prices have been similarly affected, although market prices for aluminium, copper, lead and zinc, have always been volatile. Although China's economy grew by 9.1% in the third quarter 2004, some forecasters are predicting a slowdown in Chinese demand over the next two years.

National Wage Awards between editions

Below we include a schedule indicating those wage awards expected within this series of three *Updates* for the 2005 editions.

Agreements ***in books***	**Next review:** ***in 2005 editions***	**Notes:**
1. Building and Civil Engineering Industry wages Industry (third part of a three-year agreement) *Spon's A&B 2005 pp 77-78, 84-86* *Spon's CE 2005 pp 33-38*	27 June 2005 *28 June 2004* *28 June 2004*	Planned for Spon's 2006 editions (basic rates will rise by 9.5%)
2. BATJIC wages *Spon's A&B 2005 p 78*	13 June 2005 *7 June 2004*	Planned for Spon's 2006 editions (increase not yet determined)
3. The Joint Industry Board for Plumbing Mechanical Engineering Services in England and Wales (second part of a two-year agreement) *Spon's A&B 2005 pp 79, 87* *Spon's M&E 2005 pp 546-548*	3 January 2005 *5 January 2004* *5 January 2004*	The next wage agreement will be included in *Update 2005/2* (basic rates will rise by 6.0%)
4. Scottish and Northern Ireland joint Industry Board for the Plumbing Industry *Spon's A&B 2005 p 80*	20 May 2005 *22 March 2004*	The next wage agreement will be included in *Update 2005/3* (basic rates will rise by 5.0 – 6.6%)
5. New wages for Agricultural workers as Order 2004 (Number 1) *Spon's Landscape 2005 p 8*	1 October 2004 *1 October 2003*	Details of the revised wage agreement are included in this *Update*
6. The Joint Conciliation Committee of the Heating, Ventilating and Domestic Engineering Industry (second part of a three-year agreement) *Spon's M&E 2005 pp 51-55, 541-545*	3 October 2005 *4 October 2004*	Planned for Spon's 2006 editions (basic rates will rise by 5.1%)
7. The Joint Industry Board for the Electrical Contracting Industry (first part of a new three-year agreement) *Spon's M&E 2005 pp 411-413, 549-554*	10 January 2005 *5 January 2004*	The revised wage agreement will be included in *Update 2005/2 National rates will rise by 3.7% and London rates by 3.3 – 6.2%)*.

Hot Rates

As usual we include examples of 'key' rates across a number of trades. The rates are for Standard Method of Measurement of Building Works level items and are representative of schemes with straightforward access and normal ground conditions for medium sized building projects in the £1-10m total value range. Rates include for overheads and profit but exclude any allowance for preliminaries. Within regions rates can vary considerably. The rates shown are averages from successful competitively bid tenders received over the last three months.

Description	Unit	Sample	Spon's A&B 2005 rates £	Tender rates average £	Tender rates range £
Excavate trenches; > 0.3m x 2m deep	m3	10	6.25	9.26	6.05 – 10.13
Disposal off site	m3	8	15.50	14.45	10.34 – 15.00
Hardcore Filling; > 250mm thick	m3	5	25.78	21.94	20.68 – 21.65
Granular Filling; type 2; < 250mm thick	m3	5	28.68	30.53	24.20 – 35.40
Plain in situ concrete in foundations	m3	6	83.21	94.73	78.35 – 108.15
Reinforced in situ concrete in beds not exceeding 150mm	m3	6	95.73	89.10	78.96 – 92.92
Reinforced in situ concrete in suspended slabs 150 - 450mm	m3	5	107.43	114.04	105.93 – 116.93
Formwork to foundations 250 – 500mm	m	7	17.23	13.79	10.91 – 14.05
Formwork to soffit of slabs	m2	5	30.98	47.08	32.47 – 58.01
16mm diameter hot rolled mild steel bars to BS 449	tonne	7	835.83	866.52	814.61 – 903.08
Mesh fabric reinforcement A193 (3.02 kg/m2)	m2	2	3.45	3.54	3.09 – 4.00
Facing bricks in half brick wall	m2	4	45.42	53.24	49.28 – 56.62
100mm Blockwork	m2	5	17.98	23.19	20.65 – 24.82
140mm Blockwork	m2	7	22.23	33.61	27.42 – 38.94
Structural steelwork including erection	tonne	4	1328.99	1083.85	1014.76 – 1176.26
50 x 100mm Sawn softwood floor members	m	3	3.23	2.86	2.50 – 3.08
13mm Plaster to walls	m2	2	9.58	10.00	9.50 – 10.50
3mm Skim coat to walls	m2	2	4.48	4.43	4.42 – 4.43
12.5mm Plasterboard to ceilings	m2	3	8.46	12.31	9.09 – 14.09
12.5mm Plasterboard to walls with skim coat	m2	2	12.34	8.05	7.79 – 8.30
One mist and two coats of emulsion	m2	10	3.03	3.04	2.65 – 3.15
100mm Upvc drain pipe	m	1	7.77	2.44	2.44 – 2.44
100mm 'Supersleve' vitrified clay drainage pipes	m	3	6.52	4.31	3.96 – 4.87

Spon's Architects' and Builders' Price Book 2005

Major and Minor Measured Works Prices

pp. 105 to 696

Erratum
pp. 157-158

Six items of Class B Engineering brick walls, printed at the bottom of page 157, have been replicated at the top of page 158.

Please ignore/delete the items at the bottom of page 157.

The following table shows the main changes in materials and fuel costs as reflected in the Office for National Statistics Producer Price Indices:

Industry generally	Percentage change over the last 12 months Oct 2003 to Oct 2004*	Percentage change over the last 6 months April 2004 to Oct 2004*
Consumer Prices Index (CPI)	+1.2%	+0.6%
Materials and fuels purchased by manufacturing industry	+8.4%	+7.4%
Materials and fuel purchased by manufacturing industry excluding food, beverages, tobacco and petroleum industries	+3.9%	+3.7%

More specific figures from the DTI's Monthly Statistics of Building Materials and Components show that, since the spring of 2004, when the majority of Spon's prices were collected, overall construction material prices have risen as follows:

	Percentage change over the last 5 months April 2004 to Sept 2004*
Construction materials generally	+4.0%
Non-house building materials (other work)	+5.8%
House building materials	+2.0%
Repair and maintenance	+2.4%

* Provisional figures

We have been advised of the following significant material price changes since the 2005 Price Books were compiled in the spring of 2004, and, more recently, some manufacturers have been adding energy surcharges to their invoices due to the current high price of oil

Key Materials	**Percentage change**
Concrete roof tiles	+8.0%(expected in Feb 2005)
Facing and other bricks	+8%
Glass	+12%
Plaster	+3.8%(expected in Jan 2005)
Plasterboard partitions and linings	+2.8%(expected in Jan 2005)
Reinforcement	+15%
Steel hollow sections	+17.5%
Structural steelwork	+12%
Thermalite blocks	+6.0%(expected in Jan 2005)
UPVC drains	+6%

Approximate Estimating

Building Costs and Tender Prices Index

Building Costs

p. 699

The table of building cost indices maybe updated as follows:

Year	*First quarter*	*Second quarter*	*Third quarter*	*Fourth quarter*	*Annual average*
2003	555	560	578	577	568
2004	579	585 (P)	617 (P)	619 (F)	

Tender Prices

p. 700

The table of tender price indices may be updated as follows:

Year	*First quarter*	*Second quarter*	*Third quarter*	*Fourth quarter*	*Annual average*
2003	425	424	432	434	429
2004	434	436	442 (P)	445 (F)	

Our November 2004 Cost Forecast anticipated that tender prices may rise by 3.5% to 4.5% over the year ahead, but these predictions are constantly under review and a new forecast will be published in ‘Building’, early in 2005.

Regional Variations
pp. 701 to 703

The table below indicates how building prices vary around the country. The figures are averages and, inevitably, not all trades or items of work will vary exactly in line with the differences shown. However the figures provide general indications of what variations can be expected. The principal driving force behind the variations is differing labour rates between the regions.

The table indicates current variations in price level from outer London for the various regions of the UK. It also shows a forecast fourth quarter 2004 tender price index for each region, based upon an outer London forecast figure of 445 and the percentage adjustments advised to the Major Works measured rates section of *Spon's Architects' and Builders' Price Book 2005,* with an index of 455 (1976=100).

	Forecast fourth quarter 2004 tender price index 445*	**% adjustment to *Spon's Major Works* section 455**
Outer London	445	- 2.2
Inner London	481	+ 5.7
East Anglia	383	- 16
East Midlands	356	- 22
Northern	347	- 24
Northern Ireland	263	- 42
North West	360	- 21
Scotland	356	- 22
South East	410	- 10
South West	360	- 21
Wales	351	- 23
West Midlands	360	- 21
York/Humberside	338	- 26

* Mid-point of forecast range from the *Tender Price Forecast* published 5 November 2004

The figures represent broad averages for the regions. Differences will occur within regions and further adjustments will be needed for city centre or isolated locations.

Building Prices per Functional Unit
Building Prices per Square Metre
Approximate Estimates
pp. 705 to 837

Erratum
P 709

The tender price index for the Building Prices per Square Metre section, specified in paragraph one, is 455 (1976=100), and not 435, as indicated

Building prices given under these headings are average prices on a 'fluctuating basis' for typical buildings based upon DL's tender price index level of 455. (1976=100). The forecast index for the 4th quarter of 2004 is 445. Therefore prices in these sections should be increased by approximately -2% to reflect current levels in Outer London area.

Cost Limits and Allowances

HOSPITAL BUILDINGS
p. 839

These allowances can be updated in accordance with the latest MIPS indices. The latest figures and forecasts available from Quarterly Briefing are:

	Firm price tenders	Variation of price tenders
2003 Q1	379	387
2003 Q2	400	389
2003 Q3	400	391
2003 Q4	408 (P)	396 (P)
2004 Q1*	419	411
2004 Q2*	425	416
2004 Q3*	430	419
2004 Q4*	436	426

* Forecasts

Property Insurance
pp. 873 to 875

The allowances for inflation should be updated in accordance with the latest cost and tender indices for pages 699-700. Longer term forecast figures for updating the PROPERTY INSURANCE EXAMPLE are as follows:

	4Q Cost Index	4Q Tender Index
2004	619	446
2005	662	464
2006	685	485
2007	710	509

Spon's Civil Engineering and Highway Works Price Book 2005

Resources

Basic Materials Prices

pp. 39 to 116

Concrete supply prices have risen by approximately 2.5%. Further information on other material price changes are provided in the *Spon's Architects' and Builders' Price Book* section of this *Update*.

Unit Costs

pp. 149 to 480
Published prices are still relevant

Cost and Tender Prices Indices

Price Adjustment Formula Indices

pp. 549 to 550

The table of Price Adjustment Formulae Indices may be supplemented as follows:

Year	*Q*	*1*	*2*	*3*	*4*	*5*	*6*	*7*	*9*	*10*	*11a*
2003	1	1319	959	1668	1699	1134	1758	2824	2639	879	351
	2	1325	965	1729	1715	1123	1758	2935	2113	901	360
	3	1405	989	1729	1706	1117	1738	2816	2142	915	361
	4	1405	994	1642	1720	1117	1738	2819	2250	926	361
2004	1	1406	999	1697	1787	1116	1769	2906	2268	999	437
	2	1415	1006	1882	1754	1122	1777	2927	2510	1068	551
	3	1506*	1036*	1782*	1799*	1139*	1777*	2921*	2872*	1033*	537*

* Provisional **Note:** The figures published relate to the third month of each quarter.

A Constructed Cost Index based on the Price Adjustment Formula indices

pp. 551 to 552

The table of the Constructed Civil Engineering Cost Index may be supplemented as follows:

Year	*First quarter*	*Second quarter*	*Third quarter*	*Fourth quarter*	*Annual average*
2003	1459	1477	1505	1495	1484
2004	1502	1559	1605*		

* Provisional

The Road Construction Price Index
pp. 553 to 554

Latest figures for civil engineering tender prices as measured by the DETR's 'Tender Price Index of Road Construction' are reproduced below:

The DETR has recently rebased its series of indices from 1990 = 100 to 1995 = 100. To convert these figures to 1990 = 100 the multiplier is 1.245.

Tender Price Index of Road Construction - Base 1995 =100

Year	*First quarter*	*Second quarter*	*Third quarter*	*Fourth quarter*	*Annual average*
2003	123	122	118	119	121
2004	121*	123*			

* Provisional Source : DETR

Approximate Estimates

Industrial and Commercial Buildings and Civil Engineering Facilities
pp. 575 to 576

Building prices per square metre given under this heading are average prices on a 'fluctuating basis' for typical buildings based upon DL's tender price index level of 450. (1976=100). The forecast index for the 4th quarter of 2004 is 445. Therefore prices in this section should be decreased by approximately - 1% to reflect current levels in the Outer London area.

Cost Information

Rates of Wages

2.2.2 Agricultural Wages, England and Wales
p. 8

Erratum
p 8

In the **Agricultural Wages, England and Wales** table, the Unit for the Overtime pay rates should be £/hour, and not £/week, as indicated

As from 1 October 2004, minimum rates for Agricultural workers have increased by approximately 5% for standard workers and 5.8% for Craft and Appointment grades, from those effective 1 October 2003. A number of other minor technical and drafting amendments have also been made.

New Agricultural rates from 1 October 2004

Age	*Unit*	*Basic pay*	*Craft Grade*	*Appointment Grade*	
			Certificate and NVQ3	*Grade 2*	*Grade 1*
Weekly pay:					
19+	£/ week	210.60	243.43	263.25	284.31
18	£/ week	179.01			
17	£/ week	147.42			
16	£/ week	126.36			
15 & under	£/ hour	2.70			
Overtime pay:					
19+	£/ hour	8.10	9.56	10.13	10.94
18	£/ hour	6.89			
17	£/ hour	5.67			
16	£/ hour	4.86			
15 & under	£/ hour	4.05			

Copies of the Agricultural Wages Order 2004 (Number 1) may be obtained from The Agricultural Wages Board for England and Wales.

3.6 COST INDICES

The Constructed Landscaping Cost Index
p. 22

The *Constructed Landscaping (Hard Surfacing and Planting) Cost Index* may be updated as follows:

Year	*First quarter*	*Second quarter*	*Third quarter*	*Fourth quarter*	*Annual average*
2003	577	582	603	602	591
2004	602	610	639	639*	

* Provisional

Prices for Measured Works
pp. 71 to 254

Materials prices

Reference should be made to the material prices changes notified in the *Spon's Architects' and Builders' Price Book* section of this *Update.*

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Spon's Mechanical and Electrical Services Price Book 2005

Approximate Estimating

DIRECTIONS

Erratum
p 3

The prices shown in this section of the book relate to the second quarter of 2004, and not the second quarter of 2003, as indicated

COST INDICES

p. 4

The tables of cost indices for Mechanical Services and Electrical Services should be revised as follows:

Mechanical Services

Year	*First quarter*	*Second quarter*	*Third quarter*	*Fourth quarter*
2002	410	411	410	442
2003	443	446	447	453
2004	459	463	466 (P)	479 (F)
2005	481 (F)	482 (F)	483 (F)	496 (F)

Electrical Services

Year	*First quarter*	*Second quarter*	*Third quarter*	*Fourth quarter*
2002	508	508	508	513
2003	530	533	533	541
2004	571	573	575 (P)	584 (F)
2005	602 (F)	602 (F)	603 (F)	612 (F)

Mechanical Installations

DIRECTIONS

MECHANICAL AND DUCTWORK INSTALLATIONS
pp 51-55

Erratum
p 51

MECHANICAL INSTALLATIONS

The addition to labour rates to cover site and head office overheads should be 21.98%, and not 20%, as indicated

Material Costs/Measured Work Prices – Mechanical Installations
pp. 57 to 410

According to national statistics, the average inflation in mechanical engineering materials prices over the past five months from April 2004 to September 2004, is + 3.1%. The most significant material price rise noted is +4.6% for Central heating radiators and boilers.

DIRECTIONS

ELECTRICAL INSTALLATIONS
pp 411-413

Erratum
p 412

LABOUR RATE – ELECTRICAL

In the annual cost of a notional eleven man gang table, the hourly rates displayed apply to an operative date of 5 January 2004, and not 6 January 2003, as indicated

Material Costs/Measured Work Prices – Electrical Installations
pp. 415 to 539

According to national statistics, the average inflation in electrical materials prices over the past five months from April 2004 to September 2004, is + 4%. The most significant material price rise noted is +8.5% for Lighting equipment and electric lamps.

DAYWORK

HEATING AND VENTILATING INDUSTRY
pp 556-558

Erratum
p 558

Page 558 was accidentally replaced by a second copy of page 568.

The correct page 558 is replicated hereafter:

558 Daywork

HEATING AND VENTILATING INDUSTRY

MECHANICAL INSTALLATIONS

Calculation of Hourly Base Rate of Labour for Typical Main Grades applicable from 4th October 2004.

	FOREMAN	SENIOR CRAFTSMAN (+ 2nd Welding Skill)	SENIOR CRAFTSMAN	CRAFTSMAN	INSTALLER	MATE OVER 18
Hourly Rate from 4 October 2004	12.56	10.81	10.38	9.52	8.63	7.27
Annual standard earnings excluding all holidays, 45.8 weeks x 38 hours	21,859.42	18,813.72	18,065.35	16,568.61	15,019.65	12,652.71
Employers national insurance contributions from 6 April 2004	2,238.90	1,849.05	1,753.26	1,561.68	1,363.41	1,060.44
Weekly holiday credit and welfare contributions (52 weeks) from 6 October 2003	3,247.92	2,832.96	2,730.00	2,524.08	2,312.96	1,988.48
Annual prime cost of labour	27,346.25	23,495.74	22,548.61	20,654.37	18,696.02	15,701.63
Hourly base rate	15.71	13.50	12.96	11.87	10.74	9.02

Index
pp. 599-602

Erratum
p 599

The last four page numbers in the left hand column have slipped, and need to be moved down one line, as follows:

Erratum
p 601

The majority of page numbers in the left hand column have slipped. Corrected page numbers are given in the following table: