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Spon's Price Book Update 2006

Nr. 1

INCORPORATING CHANGES UP TO 1st NOVEMBER 2005

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 page 11 and the *Mechanical and Electrical Services Price Book* on pages 12 to 13.

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 2007 editions of Spon's Price Books should be available in August 2006.

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

Executive Summary

- After a slow start early in 2005, tender prices have resumed their upward trend, rising by an average of 2.4% since book prices were collated in April 2005. However, with a book index of 480, across-the-board prices within the *Architects' and Builders' Price Book 2006 edition* are still over 2% higher than current tender prices.

- Davis Langdon's Building Cost Index recorded a leap of over 6% in the third quarter 2005, largely due to the third and final part of a three-year 9.5% wage award for building and civil engineering operatives, at the end of June 2005.

- Although construction activity appeared to stall at the beginning of the year, Education and the Water Industry's investment programme now appear to be back up and running, and an otherwise sluggish civil engineering industry should be boosted by the infrastructure requirements of the London Olympics.

- Steel prices have drifted downwards, but energy costs are now on the rise.

The Construction Climate

Construction activity stalled a little at the beginning of the year as is now apparent in official DTI figures. The hospital building programme in particular seems to have hit a few more obstacles. Education building also stuttered but now seems to be back up and running – in fact there are real fears being expressed about the market's ability to handle the volume of work likely to be released to the market over the next few years. The first three waves of the Building Schools for the Future programme will benefit 380 schools to the tune of £6.5bn between 2005 and 2008.

Spending on infrastructure has been in decline for the last couple of years and the first half of 2005 saw even less money being spent on roads, railways and sewerage. However the water industry's new 5 year investment programme is now getting under way and new orders for roads and the railways are providing a welcome boost to the civils side of the industry. Civil engineering contractors should be happy through to 2012 as the infrastructure requirements for the London Olympics will provide an additional 25% cash injection into the market for London and the South East.

Last year saw the construction industry hit by the steel crisis, pushing the cost of fabricated steelwork up by 60% by the end of the year. But 2005 ushered in greater stability in supply and demand and steel prices have drifted downwards as the year has progressed. However the year may not be seen out without a swing back upwards. Reinforcement suppliers announced increases of £35 a tonne in September with suggestions of further rises to come as world scrap prices rise.

In 2005 the steel price crisis has been replaced by the oil price crisis, with oil prices rising 50% this year. Gas and electricity costs are tied to oil prices so energy bills have also risen. Materials suppliers cite oil and energy prices as prices for construction materials, other than steel, have steadily increased as the year has progressed. The beginning of 2006, a traditional time for many price revisions, may see more price increases than usual.

National Wage Awards between editions

Below we include a schedule indicating those wage awards expected within this series of three *Updates* for the 2006 editions.

Agreements *(in books)*	**Next review:** *(in 2006 editions)*	**Notes:**
1. Building and Civil Engineering Industry wages *(Spon's A&B 2006 pp. 75-76, 82-84)* *(Spon's CE 2006 pp. 33-38)*	June 2006 *(27 June 2005)* *(27 June 2005)*	The June 2006 wage award will be included in Spon's 2007 editions
2. BATJIC wages *(Spon's A&B 2006 p. 76)*	June 2006 *(13 June 2005)*	The June 2006 wage award will be included in Spon's 2007 editions
3. The Joint Industry Board for Plumbing Mechanical Engineering Services in England and Wales (*Spon's A&B 2006 pp. 77, 85)* *(Spon's M&E 2006 pp. 556-558)*	2 January 2006 *(3 January 2005)* *(3 January 2005)*	The first part of a new wage agreement will be included in *Update 2006/2* (basic rates will rise by 3.5%)
4. Scottish and Northern Ireland joint Industry Board for the Plumbing Industry *(Spon's A&B 2006 p. 78)*	May 2006 *(30 May 2005)*	The May 2006 wage award will be included in Spon's 2007 editions
5. New wages for Agricultural workers as Order 2004 (Number 1) *(Spon's Landscape 2006 p. 8)*	1 October 2005 *(1 October 2004)*	Details of a new wage agreement are included in this *Update*
6. The Joint Conciliation Committee of the Heating, Ventilating and Domestic Engineering Industry (third and final part of a three-year agreement) *(Spon's M&E 2006 pp. 63-67, 552-555)*	October 2006 *(3 October 2005)*	The October 2006 wage award will be included in Spon's 2007 editions
7. The Joint Industry Board for the Electrical Contracting Industry (second part of a new two-year agreement) *(Spon's M&E 2006 pp. 423-425, 559-563)*	8 January 2007 *(9 January 2006)*	Planned for Spon's 2007 edition (basic rates will rise by 5%)

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 2006 rates £**	**Tender rates average £**	**Tender rates range £**
Excavate trenches; > 0.3m x 2m deep	m3	8	6.50	8.09	7.27 – 8.11
Disposal off site	m3	6	16.36	16.65	14.54 – 19.96
Hardcore Filling; > 250mm thick	m3	6	27.56	30.69	24.76 – 36.84
Granular Filling; type 2; < 250mm thick	m3	3	29.74	44.96	33.31 – 50.86
Plain in situ concrete in foundations	m3	6	90.34	108.11	97.71 – 114.59
Reinforced in situ concrete in beds not exceeding 150mm	m3	8	103.70	107.51	92.17 – 121.69
Reinforced in situ concrete in suspended slabs 150 - 450mm	m3	5	115.69	105.60	103.63 – 108.35
Formwork to foundations 250 – 500mm	m	7	17.40	12.36	9.87 – 13.21
Formwork to soffit of slabs	m2	3	31.05	38.78	34.27 – 43.17
16mm diameter hot rolled mild steel bars to BS 4449	tonne	5	732.22	876.60	810.00 – 974.58
Mesh fabric reinforcement A193 (3.02 kg/m2)	m2	4	3.39	4.81	4.42 – 5.21
Facing bricks in half brick wall	m2	3	46.96	57.48	50.31 – 63.25
100mm Blockwork	m2	6	18.07	24.63	19.97 – 23.98
140mm Blockwork	m2	5	22.38	32.04	29.04 – 34.90
Structural steelwork including erection	tonne	4	1385.60	1555.52	1236.94 – 1589.04
50 x 100mm Sawn softwood floor members	m	5	3.30	4.11	3.76 – 4.41
13mm Plaster to walls	m2	5	9.46	11.73	10.76 – 13.50
3mm Skim coat to walls	m2	3	4.26	7.82	6.73 – 8.40
12.5mm Plasterboard to ceilings	m2	3	9.14	7.44	7.00 – 7.83
12.5mm Plasterboard to walls with skim coat	m2	3	15.17	12.29	11.66 – 12.77
One mist and two coats of emulsion	m2	7	3.33	2.90	2.63 – 3.04
100mm 'Supersleve' vitrified clay drainage pipes	m	5	7.44	9.29	8.20 – 9.35

Major and Minor Measured Works Prices

pp. 103 to 697

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 2004 to Oct 2005*	Percentage change over the last 6 months April 2005 to Oct 2005*
Consumer Prices Index (CPI)	+2.7%	+1.1%
Materials and fuels purchased by manufacturing industry	+7.7%	+5.6%
Materials and fuel purchased by manufacturing industry excluding food, beverages, tobacco and petroleum industries	+5.7%	+3.2%

More specific figures from the DTI's Monthly Statistics of Building Materials and Components show that, since the spring of 2005, when the majority of Spon's prices were collected, overall construction material prices have varied very little:

	Percentage change over the last 5 months April 2005 to Sept 2005*
Construction materials generally	+1.04%
Non-house building materials (other work)	-1.50%
House building materials	+0.03%
Repair and maintenance	-0.03%

* Provisional figures

The Department of Trade and Industry (DTI) and The Office of National Statistics (ONS) have issued figures identifying the following changes to key materials since book material prices were collected in April/May 2005.

Key Materials	**Percentage change**
Clay bricks and tiles	-1.3%
Concrete reinforcing bars	No change*
Concrete, ready mixed	Unchanged
Copper tubes and fittings	+13.8%
Fuel oil	+26.6%
Gas oil and diesel	+10.9%
Glass	-3.6%
Hardwood; imported	+4.8%
Paints, non-water based	-1.5%
Paints, water based	+1.4%
Plaster	Unchanged
Plasterboard partitions and linings	Unchanged
Sand and gravel	-1.8%
Sawn softwood	+1.2%
Structural steelwork	+0.9%

* DTI final month provisional figures indicate a 10% decrease over the period; but a £35/tonne surcharge has since been levied.

Concrete, mortar and screed manufacturers have announced price rises of £6.50/m3, £4.85 - £6.00/tonne and £7.05/m3 respectively, as from January 2006.

Approximate Estimating

Building Costs and Tender Prices Index

Building Costs

p. 701

Davis Langdon's Building Cost Index recorded a leap of over 6% in the third quarter 2005, largely due to the third and final part of a three-year 9.5% wage award for building and civil engineering operatives, at the end of June 2005.

The table of building cost indices may be updated as follows:

Year	*First quarter*	*Second quarter*	*Third quarter*	*Fourth quarter*	*Annual average*
2004	579	586	617	618	600
2005	622	623	661 (P)	662 (F)	

P = Provisional; F = Forecast

Tender Prices

p. 702

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

Year	*First quarter*	*Second quarter*	*Third quarter*	*Fourth quarter*	*Annual average*
2004	434	436	442	454	442
2005	459	458	465 (P)	469 (F)	

Our November 2005 Market Forecast anticipated that tender prices may rise by 3.5% to 4.5% in London over the year ahead, and 4% to 5% elsewhere, These predictions are constantly under review and a new forecast will be published in ‘Building’, early in 2006.

Regional Variations

pp. 703 to 706

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. 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 2005 tender price index for each region, based upon an outer London forecast figure of 469 and the percentage adjustments advised to the Major Works measured rates section of *Spon’s Architects’ and Builders’ Price Book 2006,* with an index of 480 (1976=100).

	Forecast fourth quarter 2005 tender price index 469*	**% adjustment to *Spon’s Major Works* section 480**
Outer London	469	- 2.3
Inner London	510	+ 6.3
East Anglia	436	- 9
East Midlands	403	- 16
Northern	413	- 14
Northern Ireland	302	- 37
North West	413	- 14
Scotland	400	- 17
South East	455	- 5
South West	422	- 12
Wales	400	- 17
West Midlands	407	- 15
York/Humberside	403	- 16

* Mid-point of forecast range from the *Tender Price Forecast* published November 2005.

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. 707 to 839

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 480. (1976=100) and include preliminaries. The forecast index for the 4th quarter of 2005 is 469. Therefore prices in these sections should be decreased by approximately -2.3% to reflect current levels in the Outer London area.

Cost Limits and Allowances

HOSPITAL BUILDINGS
p. 841

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**
2004 Q1	414	400
2004 Q2	422 (P)	414 (P)
2004 Q3*	430	419
2004 Q4*	436	425
2005 Q1*	441	431
2005 Q2*	447	438
2005 Q3*	452	444
2005 Q4*	458	450

* Forecasts P = Provisional

Property Insurance
pp. 875 to 877

The allowances for inflation should be updated in accordance with the latest cost and tender indices for pages 701-702. Longer term forecast figures for updating the PROPERTY INSURANCE EXAMPLE are as follows:

	4Q Cost Index	**4Q Tender Index**
2005	662	469
2006	687	488
2007	713	512
2008	744	542

Spon's Civil Engineering and Highway Works Price Book 2006

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 478

Published prices are still relevant

Cost and Tender Prices Indices

Price Adjustment Formula Indices
pp. 547 to 548

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

Year	*Q*	*1*	*2*	*3*	*4*	*5*	*6*	*7*	*9*	*10*	*11a*
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	1038	1667	1780	1133	1777	2929	2952	1033	546
	4	1506	1042	1650	1783	1133	1820	2853	2872	975	540
2005	1	1507	1057	1657	1873	1171	1826	3022	3291	977	508
	2	1523	1063	1705	1919	1238	1815	3079	3573	986	459
	3	1639*	1102*	1747*	1877*	1234*	1825*	3054*	4197*	988*	441*

* 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. 549 to 550

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*
2004	1503	1560	1596	1597	1564
2005	1611	1652	1726*		

* Provisional

The Road Construction Price Index

pp. 551 to 552

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*
2004	120	120	120	127*	120*
2005	131*				

* Provisional — Source : DETR

Approximate Estimates

Industrial and Commercial Buildings and Civil Engineering Facilities

pp. 573 to 574

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 483. (1976=100). The forecast index for the 4th quarter of 2005 is 469. Therefore prices in this section should be decreased by approximately - 3% to reflect current levels in the Outer London area.

Tables and Memoranda

EARTHWORK – Weights of typical materials handled by excavators

Errata
p. 619

Lines 15-17; Material, should read:

Rock: Earth mixture (75:25) – unchanged
Rock: Earth mixture (50:50) – corrected
Rock: Earth mixture (25:75) – corrected

Spon's Landscape and External Works Price Book 2006

Cost Information

Rates of Wages

2.2.2 Agricultural Wages, England and Wales
p. 8

The Agricultural Wages Order 2005 (Number 1) has been published and applies from 1 October 2005. Key features of the October 2005 changes include:

- Six grades, where previously there were two
- With the exception of the Grade 1 Basic Trainee, Young Trainee, Apprentice categories and age-related pay differentials have been abolished
- Most minimum rates and allowances have been increased by about 3.3%. This has increased the current Standard Worker rate (previously 'Basic Pay' – now the new Grade 2) from £5.40 an hour to £5.58 an hour.

Full details are available from http:/www.defra.gov.uk/farm/agwages/

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*
2004	602	610	639	639	623
2005	641	648	684*	685*	

* Provisional

Prices for Measured Works
pp. 53 to 235

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.*

Spon's Mechanical and Electrical Services Price Book 2006

Approximate Estimating

DIRECTIONS

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*
2003	443	446	447	453
2004	458	464	467	483
2005	486	488	491 (P)	506 (F)
2006	508 (F)	511 (F)	513 (F)	527 (F)

Electrical Services

Year	*First quarter*	*Second quarter*	*Third quarter*	*Fourth quarter*
2003	530	533	533	541
2004	571	574	576	589
2005	607	608	608 (P)	617 (F)
2006	632 (F)	634 (F)	635 (F)	644 (F)

ELEMENTAL RATES FOR ALTERNATIVE ENGINEERING SOLUTIONS

OFFICES
MECHANICAL SERVICES

Erratum
p. 11

The range rates for 2 pipe fan coil comfort cooling over 3,000m^2 should be £54 to £62/m2 and not £62 to £54/m2, as indicated.

Mechanical Installations

Material Costs/Measured Work Prices – Mechanical Installations
pp. 69 to 422

According to national statistics, the average inflation in mechanical engineering materials prices over the past five months from April 2005 to October 2005, is + 1.42%.

Electrical Installations

Material Costs/Measured Work Prices – Electrical Installations
pp. 427 to 550

According to national statistics, the average inflation in electrical materials prices over the past five months from April 2005 to October 2005, is + 0.76%.