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<p>INCORPORATING CHANGES UP TO 1st MAY 2006</p>	

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* appears on pages 5 to 10, the *Civil Engineering and Highway Works Price Book* on pages 11 to 13, the *Landscape and External Works Price Book* on page 14 and the *Mechanical and Electrical Services Price Book* on pages 15 to 17.

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/September 2006.

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

Key Trends

- ***Tender Price Index***

Davis Langdon's Tender Price Index shows that building prices in Greater London rose by 1% in the first quarter 2006. Over the last year prices have increased by 4.5%. Over the next year, prices are expected to rise by a further 4 to 5%. After that, Olympics-related activity may begin to drive prices faster.

- ***Building Cost Index***

The Building Cost Index rose 6.8% over the year to the first quarter 2006. This includes the 9.5% wage award last summer and a materials price increase of 2.2%. The 2006 wage award should be fixed by the time of publication. The BCI is forecast to rise by 4.1% over the year to the first quarter 2007.

- ***Retail Prices Index***

The Retail Prices Index increased by 2.4% over the year to March 2006. This level of inflation is expected to be maintained for the rest of this year. Factory gate inflation fell to 2.5% in March but input price inflation remains above 13%, as a result of fuel costs and oil prices.

Market Trends and Forecast

Since 2005 witnessed the first decline in construction output for eleven years, all subsequent statistics and surveys have made very good reading for the industry.

New construction orders in the twelve months to February 2006 rose by 8% compared with the previous year. This is a result of a recovery in road and water spending and a 10% growth in private commercial orders, primarily privately funded education but also healthy increases in entertainment and offices.

The main driver throughout the country in the short term is likely to be the private commercial sector, health and education work and, in London, offices. The education sector looks secure including further funding from this year's Budget; the health sector less so given the funding crisis in which it is now embroiled.

With continuing rises in energy costs, materials prices this year are likely to rise ahead of long-term trend; labour costs will be driven by supply and demand but the influx of Eastern European labour has had a dampening effect on site rate increases.

In Greater London building prices are once again expected to rise by 4 to 5% over the next year. After that, Olympic momentum should begin to build and price inflation is forecast to edge up to 4.5 to 5.5% in the year to the first quarter 2008. Some of the regions may not experience as high inflation as they have suffered over the last couple of years and come in below London for the first time since 2002.

On the material prices front, oil prices continue to be a matter for concern, with Brent crude rising to a new record of \$74 a barrel on April 24. Base metals continue to drive prices upwards, with copper doubling since this time last year. Last year, steel prices fell back by 20%, but prices are now edging up again.

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 (<i>Spon's A&B 2006 pp. 75-76, 82-84</i>) (<i>Spon's CE 2006 pp. 33-38</i>)	June 2006 (27 June 2005) (27 June 2005)	The June 2006 wage award (under negotiation) will be included in Spon's 2007 editions
2. BATJIC wages (<i>Spon's A&B 2006 p. 76</i>)	June 2006 (13 June 2005)	The 12 June 2006 wage award (under negotiation) will be included in Spon's 2007 editions
3. The Joint Industry Board for Plumbing Mechanical Engineering Services in England and Wales (<i>Spon's A&B 2006 pp. 77, 85</i>) (<i>Spon's M&E 2006 pp. 556-558</i>)	2 January 2006 (3 January 2005) (3 January 2005)	Details of the first part of a new wage agreement were included in <i>Update 2006/2</i>
4. Scottish and Northern Ireland joint Industry Board for the Plumbing Industry (<i>Spon's A&B 2006 p. 78</i>)	June 2006 (30 May 2005)	The June 2006 wage award will be included in Spon's 2007 editions
5. New wages for Agricultural workers as Order 2004 (Number 1) (<i>Spon's Landscape 2006 p. 8</i>)	1 October 2005 (1 October 2004)	Details of a new wage agreement were included in <i>Update 2006/1</i>
6. The Joint Conciliation Committee of the Heating, Ventilating and Domestic Engineering Industry (third and final part of a three-year agreement) (<i>Spon's M&E 2006 pp. 63-67, 552-555</i>)	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) (<i>Spon's M&E 2006 pp. 423-425, 559-563</i>)	8 January 2007 (9 January 2006)	Planned for Spon's 2007 edition (basic rates will rise by 5%)

Hot Rates

For the latest rates, please refer to the 2007 editions of *Spon's Price Books*, likely to be available in August/September 2006.

New Items

Some of the new items expected for the 2007 editions of *Spon's Price Books* include:

- Aquatic planting systems
- Bio-degradable mulch mats
- Flue systems
- Lightweight structural steel framing systems
- Precast concrete staircases
- PVC pressure pipe for potable water
- Spanish slates
- Thin joint blockwork

Spon's Architects' and Builders' Price Book 2006

Rates of Wages

p. 77

PLUMBING AND MECHANICAL ENGINEERING SERVICES INDUSTRY

Authorised rates of wages agreed by the Joint Industry Board for the Plumbing and Mechanical Engineering Services Industry in England and Wales

New basic rates of pay from 2 January 2006

	Rate per hour 02/01/2006 £
Operatives	
Technical Plumber and Gas Service	12.44
Advanced Plumber and Gas Service	11.20
Trained plumber and Gas Service Fitter	9.60
Apprentices	
1st year of Training	4.65
2nd year of Training	5.34
3rd year of Training	6.02
3rd year of Training with NVQ Level 2	7.32
4th year of Training	7.42
4th year of Training with NVQ Level 2	8.42
4th year of Training with NVQ Level 3	9.30
Adult Trainees	
1st 6 months of Employment	7.50
2nd 6 months of Employment	8.04
3rd 6 months of Employment	8.38

Plumbing Operatives All-In Rate Per Hour

p. 85

The all-in rate for plumbing operatives rose by approximately +3.5% following a national increase to hourly rates on 2nd January 2006.

Together with 7.5% overheads and profit, this will have the effect of adding approximately + 3.8% to the labour content of all above-ground plumbing items in sections R, S and T in both the Major and Minor Works sections of this book.

		Technical Plumber		Trained Plumber	
		£	£	£	£
Wages at standard basic rate					
productive time	1687.50 hrs	12.44	20,992.50	9.60	16,200.00
Overtime (paid at std basic rate)	225.00 hrs	12.44	2,799.00	9.60	2,160.00
Overtime	0.00 hrs	18.66	0.00	14.40	0.00
Plumbers welding supplement (gas and arc)	1912.5 hrs	0.46	879.75		0.00
			<u>24,671.25</u>		<u>18,360.00</u>
Tool allowance - now discontinued					
Employer's contributions to holiday credit/welfare stamps (to provide for 30 days) pension (6.5% of earnings)	52.00 wks	64.50	3,354.00	49.70	2,584.40
Holiday top-up funding (provided by employer)	52.00 wks	0.10	5.20	0.08	4.16
National Insurance	47.00 wks	55.17	<u>2,592.99</u>	37.98	<u>1,785.06</u>
			32,445.57		24,095.13
Severance pay and sundry costs	Plus	1.5%	<u>486.68</u>	1.5%	<u>361.43</u>
			32,932.25		24,456.56
Employers liability and third-party insurance	Plus	2.0%	<u>658.65</u>	2.0%	<u>489.13</u>
Total cost per annum			<u>£ 33,590.90</u>		<u>£ 24,945.69</u>
Total cost per hour			<u>£ 17.56</u>		<u>£ 13.04</u>
Average all-in rate per hour				<u>£ 15.30</u>	

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 Mar 2005 to Mar 2006*	Percentage change over the last 11 months April 2005 to Mar 2006*
Consumer Prices Index (CPI)	+ 1.8%	+ 1.4%
Materials and fuels purchased by manufacturing industry	+ 13.1%	+ 13.9%
Materials and fuels purchased by manufacturing industry excluding food, beverages, tobacco and petroleum industries	+ 10.4%	+ 10.8%

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 10 months April 2005 to Feb 2006*
Construction materials generally	+ 1.5%
Non-house building materials (other work)	+ 0.2%
House building materials	+ 2.6%
Repair and maintenance	+ 2.2%

* Provisional figures

Changes to key materials since book material prices were collected in April/May 2005 are presented from two sources:

- The Department of Trade and Industry (DTI) and The Office of National Statistics (ONS), and
- Those reported to us by manufacturers.

Key materials

Percentage changes

	DTI/ONS indices	Reported
Clay bricks and tiles	+ 2.8%	+ 10%
Concrete, blocks	+ 3.4%	+ 5%
Concrete, ready mixed	+ 3.4%	+ 9%
Concrete reinforcing bars	- 6.1%	- 8%

Key materials (cont'd)

Percentage changes

	DTI/ONS indices	Reported
Glass	- 2.8%	+ 2.5%
Hardwood, imported	+ 10.7%	+ 5% to + 10%
Paints, non-water based	+ 1.4%	+ 3%
Paints, water based	+ 2.2%	+ 3%
Plaster	+ 3.7%	+ 4.8%
Plasterboard partitions and linings	- 1.6%	+ 5%
Sand and gravel	+ 1.2%	+ 3.3%
Sawn softwood	+ 3.6%	+ 3%
Structural steelwork	- 13.4%	- 15%

Approximate Estimating

Building Costs and Tender Prices Index

Building Costs

p. 701

Major influences to recent material price rises have been oil/transport and energy cost increases.

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

<i>Year</i>	<i>First quarter</i>	<i>Second quarter</i>	<i>Third quarter</i>	<i>Fourth quarter</i>	<i>Annual average</i>
2004	579	586	617	618	600
2005	621	623	660	660	641
2006	663 (P)	666 (F)			

Tender Prices

p. 702

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

<i>Year</i>	<i>First quarter</i>	<i>Second quarter</i>	<i>Third quarter</i>	<i>Fourth quarter</i>	<i>Annual average</i>
2004	434	436	442	454	442
2005	459	458	466	475	465
2006	480 (P)	485 (F)			

P = Provisional; F = Forecast

All forecasts are constantly under review and regularly published in *Building* magazine.

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 second quarter 2006 tender price index for each region, based upon an outer London forecast figure of 485 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 second quarter 2006 tender price index 485*	% adjustment to <i>Spon's Major Works</i> section 480
Outer London	485	+ 1.0
Inner London	524	+ 9.2
East Anglia	452	- 5.8
East Midlands	422	- 12.0
Northern	413	- 14.0
Northern Ireland	316	- 33.2
North West	452	- 5.8
Scotland	411	- 14.4
South East	477	- 0.6
South West	446	- 7.1
Wales	426	- 11.2
West Midlands	422	- 12.0
York/Humberside	406	- 15.4

* Mid-point of forecast range from the *Tender Price Forecast* published May 2006.

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 second quarter of 2006 is 485. Therefore prices in these sections approximately 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	425	416
2004 Q3	436	422
2004 Q4*	444 (P)	428 (P)
2005 Q1*	453	439
2005 Q2*	461	448
2005 Q3*	467	456
2005 Q4*	472	462
2006 Q1*	478	469
2006 Q2*	483	475

P = Provisional; * = Forecast

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	660	475
2006	688	497
2007	714	521
2008	745	555

Landfill Tax

pp. 889

From 1 April 2006, the Landfill Tax rate for 'all other taxable wastes' increased from £18 per tonne to £21 per tonne, in line with the Government's aim of an eventual 'medium-to-long-term-rate' of £35 per tonne. The lower rate of tax, covering inactive or inert waste, remains unchanged at £2 per tonne.

Spon's Civil Engineering and Highway Works Price Book 2006

Resources

Basic Materials Prices

pp. 39 to 116

Corus have announced a further increase of £40/tonne to structural sections as from 30 April 2006, and brick prices have risen between 10 -12% on the year. Bulk cements rose by £6.50 per tonne in January. Further information on other material price changes are provided in the *Spon's Architects' and Builders' Price Book* section of this *Update*.

Erratum

p. 102

The first extra size line should now read:

		Unit	£
Size	lengths 3,000mm to under 9,000mm in 100mm increments	t	15.00

And not 'to under 6,000mm', as shown.

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	1105	1661	1889	1234	1820	3081	4179	988	446
	4	1639	1106	1619	1909	1243	1839	3140	3868	1020	461
2006	1	1639*	1110*	1706*	1967*	1318*	1822*	3269*	4053*	1008*	463*

* 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:

<i>Year</i>	<i>First quarter</i>	<i>Second quarter</i>	<i>Third quarter</i>	<i>Fourth quarter</i>	<i>Annual average</i>
2004	1503	1560	1596	1597	1564
2005	1611	1652	1722	1718	1676
2006	1749*				

* 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 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

<i>Year</i>	<i>First quarter</i>	<i>Second quarter</i>	<i>Third quarter</i>	<i>Fourth quarter</i>	<i>Annual average</i>
2004	120	120	120	127	120
2005	129	133	141*	142*	

* 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 second quarter of 2006 is 485. Therefore prices in this section closely 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

Index

Erratum
p. 743

Glazed Walling
External walls

The page number should read 519, and not 518,
as shown.

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:

<i>Year</i>	<i>First quarter</i>	<i>Second quarter</i>	<i>Third quarter</i>	<i>Fourth quarter</i>	<i>Annual average</i>
2004	602	610	639	639	623
2005	641	648	684	683	664
2006	686*	690*			

* Provisional

Prices for Measured Works

pp. 53 to 235

Material 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

<i>Year</i>	<i>First quarter</i>	<i>Second quarter</i>	<i>Third quarter</i>	<i>Fourth quarter</i>
2003	443	446	447	453
2004	458	464	467	483
2005	486	488	492	508 (P)
2006	512 (F)	515 (F)	517 (F)	533 (F)

Electrical Services

<i>Year</i>	<i>First quarter</i>	<i>Second quarter</i>	<i>Third quarter</i>	<i>Fourth quarter</i>
2003	530	533	533	541
2004	571	574	576	589
2005	607	608	607	615 (P)
2006	630 (F)	631 (F)	632 (F)	642 (F)

P = Provisional; F = Forecast

ELEMENTAL RATES FOR ALTERNATIVE ENGINEERING SOLUTIONS

OFFICES

MECHANICAL SERVICES

Erratum

p. 11

The range rates for 2 pipe fan coil comfort cooling over 3,000m² 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 eleven months from April 2005 to March 2006, is + 2.56%.

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 eleven months from April 2005 to March 2006, is + 2.08%.

Rates of Wages

Mechanical Installations

PLUMBING MECHANICAL ENGINEERING SERVICES INDUSTRY

pp. 556 to 558

New basic rates of pay apply from 2 January 2006

Applicable in England and Wales	<i>Hourly rate</i> £
Operatives	
Technical plumber and gas service technician	12.44
Advanced plumber and gas service engineer	11.20
Trained plumber and gas service fitter	9.60
Apprentices	
4th year of training with NVQ level 3	9.30
4th year of training with NVQ level 2	8.42
4th year of training	7.42
3rd year of training with NVQ level 2	7.32
3rd year of training	6.02
2nd year of training	5.34
1st year of training	4.65
Adult Trainees	
3rd 6 months of employment	8.38
2nd 6 months of employment	8.04
1st 6 months of employment	7.50

The normal working week (Monday to Friday) continues to be 37½ hours, but overtime rates now apply after 43 hours worked in a week, rather than after 45 hours, as previously.

Daily travel time allowance plus return fares – effective as from 2 January 2006

All daily travel allowances are to be paid at the daily rate as follows:

<i>Over</i>	<i>Not exceeding</i>	<i>All Operatives</i>	<i>3rd & 4th Year Apprentices</i>	<i>1st & 2nd Year Apprentices</i>
20	30	£3.55	£2.25	£1.40
30	40	£8.20	£5.30	£3.35
40	50	£9.40	£5.50	£3.55

Responsibility/incentive pay allowance (unchanged)

As from Monday 3rd September 2003, employers may, in consultation with the employees concerned, enhance the basic graded rates of pay by the payment of an additional amount, as per the bands shown below, where it is agreed that their work involves extra responsibility, productivity or flexibility.

Band 1 - an additional rate of £ 0.24 per hour

Band 2 - an additional rate of £ 0.44 per hour

Band 3 - an additional rate of £ 0.64 per hour

Band 4 - an additional rate of £ 0.84 per hour

From 2 January 2006

Mileage allowance £0.40 per mile

Lodging allowance (unchanged) £21.00 per night

Subsistence allowance (London only) (unchanged) £4.18 per night

Plumbers welding supplement (unchanged)

Possession of Gas or Arc Certificate..... £0.27 per hour

Possession of Gas and Arc Certificate..... £0.46 per hour

Weekly Holiday Credit Contributions (Public and Annual Holidays 2006 - 30 days - 34th Issue Stamps Option)

	<i>Gross Credit Value, £</i>	<i>Gross Holiday Value*, £</i>
Technical Plumber and Gas Service Technician	64.50	60.90
Advance Plumber and Gas Service Engineer	58.10	54.90
Trained Plumber and Gas Service Fitter	49.70	47.00
Adult Trainee	37.30	36.30
Apprentice in last year of training	37.30	36.30
Apprentice 3rd year	26.80	26.00
Apprentice 2nd year	23.90	23.20
Apprentice 1st year	20.80	20.20
Working Principal	26.90	25.20
Ancillary Employee	32.80	31.10

* Gross holiday value is the gross credit value less JIB administration value.