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SPON'S 2010 PRICE BOOKS UPDATE

NR. 1

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INCORPORATING CHANGES UP TO 31st NOVEMBER 2009

This *Update* covers the *Architects' and Builders' Price Book*, the *Civil Engineering and Highway Works Price Book*, the *External Works and Landscape 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 and 6, the *Civil Engineering and Highway Works Price Book* on page 7, the *External Works and Landscape Price Book* on pages 8 and 9, and the *Mechanical and Electrical Services Price Book* on page 10.

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

Spon's 2011 Price Books are planned to be published in August 2010.

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

The Construction Climate

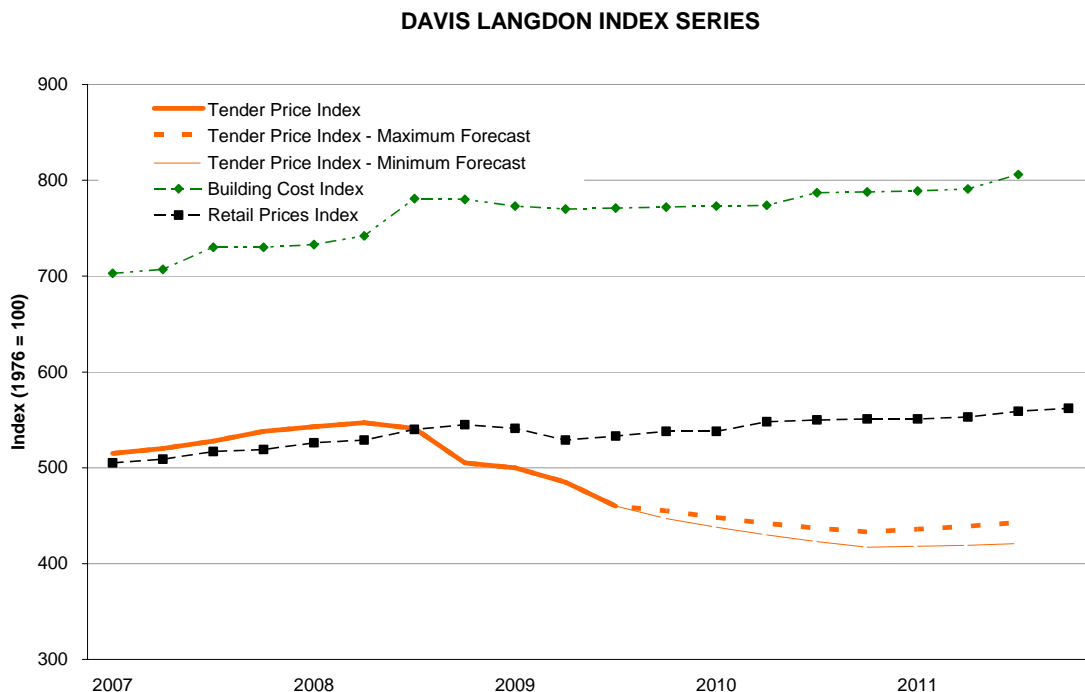
Despite signs of the recession abating in some quarters, 2010 will remain tough for the building industry, particularly with public sector work likely to shrink.

The downward trend of building prices accelerated in the third quarter of 2009. Average prices received for work between July and September was 15% lower than the year before and 16% below the peak in the second quarter of last year.

Allowances for preliminaries continue to fall as contractors' staff numbers are trimmed and salaries cut.

Corrections seen on some projects have been severe, and in cases substantially below those reported in editions of Spon's 2010 price books. The *Architects' and Builders' Price Book 2010* has a tender price index of 509. We are currently forecasting a tender price index of 460 for the third quarter of 2009 – an inferred fall of over 8%.

Indices



The decline in tender prices accelerated in the third quarter of 2009 with a 5% drop over the second quarter, leaving prices 15% lower than a year ago.

The decline in the Building Cost Index halted in the third quarter and even recorded a tiny (0.1%) rise. However, over the year, the index dropped 1.3%, the first year-on-year decline ever recorded. Although materials prices have fallen over this period, the major influence has been the freeze in labour rates, only the second time in 40 years that this has happened.

Labour

Building and civil engineering operatives expected a wage increase at the end of June, but pay levels have been frozen. There was hope of resuming negotiations in the autumn, but there seems little likelihood of any increase in rates this year. Asphalt workers' wage rates were also frozen in June. In Northern Ireland, a 6% pay rise that was to have come into effect in August has been postponed until January 2010. Meanwhile heating and ventilating operatives will have to wait until October 2010, when their rates will rise 2%. Plumbers' rates rose 5% in January 2009 and will not increase in 2010, while

rates in 2011 will be limited to changes in the Retail Prices Index. Engineering construction workers may be more fortunate: employers and unions agreed a 2% wage increase from 1 January 2010 but employees rejected the offer in a ballot and the deal is now in limbo.

Materials

Figures from the Department for Business Innovation & Skills (BIS) show that materials prices rose in July and August after eight continuous months of decline. Prices fell by more than 5% between October 2008 and June 2009 before recovering by 1% over the following two months. The recovery has been led by the cost of imported materials, which rose by 2.5% between July and September as the value of the pound began to slip again.

Since the book material prices were collated in May 2009 the following changes to key materials have been identified:

	Percentage change May 2009 – September 2009
Imported softwood	19.7%
Sawn softwood	2.3%
Paints, non-water based	0.4%
Paints, water based	0.1%
Pre-cast concrete products	-0.2%
Clay bricks	-0.4%
Ready-mixed concrete	-0.5%
Windows & Doors: Softwood	-0.7%
Plastic pipes – flexible	-1.1%
Plastic pipes – rigid	-1.2%
Concrete reinforcing bars	-1.5%
Cement	-3.1%
Sand and gravel	-7.7%
Fabricated structural steelwork	-12.4%

National Wage Awards between editions

Below we include a schedule indicating current wage awards and when the next reviews are expected.

Agreements (in books)	Next review	Notes
1. Building and Civil Engineering Industry wages (<i>Spon's A&B 2010 pp 161-162, 825-826</i>) (<i>Spon's CE 2009 pp 33-38</i>) (<i>Spon's Landscape 2008 p 383</i>)	June 2010	Wages frozen in June 2009
2. BATJIC wages (<i>Spon's A&B 2010 p 826</i>)	June 2010	Wages frozen in June 2009
3. The Joint Industry Board for Plumbing Mechanical Engineering Services in England and Wales (<i>Spon's A&B 2010 pp 163, 827</i>)	January 2010	Basic rates rose by 4.5% in January 2009
4. Scottish and Northern Ireland Joint Industry Board for the Plumbing Industry (<i>Spon's A&B 2010 p 828</i>)	June 2010	Basic rates rose by 4.6% in June 2009
5. Agricultural Wages Order 2009 (<i>Spon's Landscape 2010 pp 453-456</i>)	October 2009	Grade 1 pay rate increased by 1.2% Grade 2–6 pay rates increased by 2.2%
6. The Joint Conciliation Committee of the Heating, Ventilating and Domestic Engineering (<i>Spon's M&E 2010 pp 131-134, 612-618</i>)	October 2010	
7. The Joint Industry Board for the Electrical Contracting Industry (<i>Spon's M&E 2010 pp 488-489, 619-623</i>)	January 2011	Basic rates rose by 5.0%

SPON'S ARCHITECTS' AND BUILDERS' PRICE BOOK 2010

Costs and Tender Prices Indices

Building Costs Indices

p 59

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

Year	First quarter	Second quarter	Third quarter	Fourth quarter	Annual average
2009	773	770	771 (P)	772 (F)	771
2010	773	774	787	788	781
2011	789	791	806	807	798
2012	809	811	828	829	819

P = Provisional; F = Forecast thereafter

Tender Prices Indices

p 60

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

Year	First quarter	Second quarter	Third quarter	Fourth quarter	Annual average
2009	500	485	460 (P)	451 (F)	474
2010	443	436	430	425	473
2011	427	429	432	434	431
2012	437	440	443	445	441

P = Provisional; F = Forecast thereafter

Please ensure that you apply these indices correctly. A worked example can be found on page 62 of the *Architects' and Builders' Price Book*.

Regional Variations

p 62

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 our provisional third quarter 2009 tender price index for each region, based upon an outer London forecast figure of 460, and the percentage adjustments advised to the Major Works measured rates section of *Spon's Architects' and Builders' Price Book 2010*, with an index of 509 (1976 = 100).

Region	Forecast third quarter 2009 Tender Index = 460*	% adjustment to Spon's Major Works section Tender Index = 509
Outer London	460	-9.6%
Inner London	501	-1.5%
East Anglia	373	-26.8%
East Midlands	359	-29.5%
Northern	368	-27.7%
Northern Ireland	253	-50.3%
North West	359	-29.5%
Scotland	409	-19.6%
South East	423	-16.9%
South West	391	-23.2%
Wales	382	-25.0%
West Midlands	363	-28.6%
York/Humberside	363	-28.6%

* Mid-point of forecast range from the Davis Langdon Tender Price Forecast published October 2009.

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

Erratum

The Landfill Tax

p 33

Calculation for inactive waste should read:

Spon's A & B 2010 net rate	£12.69 per m ³ (not £17.96)
Tax, 2 t per m ³ (un-bulked) @	<u>£ 5.00 per m³</u>
Spon's rate including tax	£17.96 per m ³ (not £22.96)

SPON'S CIVIL ENGINEERING AND HIGHWAY WORKS PRICE BOOK 2010

Cost Indices

Price Adjustment Formulae Indices

pp 538 to 543

The table of Price Adjustment Formulae Indices on p 539 may be supplemented as follows:

Index nr		1	2	3	4	5	6	7	9	10	11a
2009	Q1	1869	1239	1785	2181	1688	2240	4381	4630	1183	663
	Q2	1867	1250	1853	2178	1719	2379	4430	4494	1150	580
	Q3 (P)	1867	1250	1902	2161	1690	2368	4540	4796	1164	573

P = Provisional

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

A Constructed Cost Index based on the Price Adjustment Formulae Indices

p 540

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

Year	First quarter	Second quarter	Third quarter
2009	2099	2129	2169 (P)

P = Provisional

Prices for Measured Works

Materials Prices

Reference should be made to the material prices changes notified on page 3 of this *Update*.

SPON'S EXTERNAL WORKS AND LANDSCAPE PRICE BOOK 2010

Cost Indices

The Constructed Landscaping Cost Index

p 19

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

Year	First quarter	Second quarter	Third quarter
2009	789	792	796 (P)

P = Provisional

Regional Variations

p 20

The table may be updated as follows:

Region	Adjustment factor
Outer London	1.00
Inner London	1.06
East Anglia	0.87
East Midlands	0.84
Northern	0.86
Northern Ireland	0.68
North West	0.84
Scotland	0.92
South East	0.95
South West	0.90
Wales	0.88
West Midlands	0.86
Yorkshire and Humberside	0.85

Prices for Measured Works

Materials Prices

Reference should be made to the material prices changes notified on page 3 of this *Update*.

Rates of Wages

p 453

Minimum wage rates for agricultural workers in England and Wales came into force on 1 October 2009, at the same time as the 2009 National Minimum Wage rates.

The changes by the Agricultural Wages Board for England and Wales in July are as follows:

- an increase in the Grade 1 (Initial Grade) pay rate for workers over compulsory school age of 1.2%, from £5.74 to £5.81 per hour (£0.01 more than the new NMW)
- increases in the rates for Grades 2 to 6 of 2.2%, lifting, for example, the Grade 2 Standard Worker rate from £6.26 to £6.40 per hour

- an increase in the daily Accommodation Offset rate from £4.46 to £4.51 (to match the new NMW increase)

The wages table on *p 454* may be adjusted as follows:

Minimum rates of pay for Grades 1-6	Weekly Pay £/week	Hourly Pay £/hour	Overtime Pay £/hour
Grade 1 of compulsory school age	-	2.91	4.37
Grade 1 above compulsory school age	226.59	5.81	8.72
Grade 2	249.60	6.40	9.60
Grade 3	274.56	7.04	10.56
Grade 4	294.45	7.55	11.33
Grade 5	312.00	8.00	12.00
Grade 6	336.96	8.64	12.96

Full details are set out in the Agricultural Wages Order 2009.

SPON'S MECHANICAL AND ELECTRICAL SERVICES PRICE BOOK 2010

Cost Indices

p 70

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

Mechanical Installations

Year	First quarter	Second quarter	Third quarter	Fourth quarter
2009	581	578	577 (P)	577 (F)
2010	578	579	580	589

Electrical Installations

Year	First quarter	Second quarter	Third quarter	Fourth quarter
2009	720	721	723 (P)	735 (F)
2010	755	756	756	767

P = Provisional; F = Forecast thereafter

Regional Variations

p 71

The table may be updated as follows:

Region	Adjustment factor
Outer London	1.00
Inner London	1.06
East Anglia	0.87
East Midlands	0.84
Northern	0.86
Northern Ireland	0.68
North West	0.84
Scotland	0.92
South East	0.95
South West	0.90
Wales	0.88
West Midlands	0.86
Yorkshire and Humberside	0.85

Prices for Measured Works

Materials Prices

Reference should be made to the material prices changes notified on page 3 of this *Update*.