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# SPON'S 2013 PRICE BOOKS UPDATE

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INCORPORATING CHANGES UP TO 31 MAY 2013

This *Update* covers the 2013 editions of 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 3 to 5, the *Civil Engineering and Highway Works Price Book* on page 6, the *External Works and Landscape Price Book* on page 7, and the *Mechanical and Electrical Services Price Book* on pages 8 and 9.

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

**Spon's 2014 Price Books are planned to be published in September 2013.**

# The Construction Climate

## Construction activity trends

The economy was broadly flat in the first quarter of 2013 and reflects what has been happening to construction prices generally.

Forecast expectations are for a fall in construction output of about 2% in 2013 before output returns to positive growth in 2014.

There have been increases in some construction material prices and increases in directly employed labour costs but tender prices in general remained flat as contractors continue to compete for work in a declining market.

The general feeling is that prices have nowhere further to fall, and in some sectors some prices have started to rise as the market is caught between rising input costs, both known and predicted, and the downward drag of construction workload.

## Tender price index

Softening materials prices and intensifying competition push prices down further and the short term outlook remains negative.

The *Architects' and Builders' Price Book 2013* has a Tender Price Index of 466. We are currently forecasting a tender price index of 438 for the second quarter of 2013 which indicates current tender price levels of around 5% below the book guide prices.

## Building cost index

Provisional figures for the fourth quarter 2012 show that the Building Cost Index rose by 1.6% compared to the fourth quarter 2011, largely due to the government's withdrawal of the National Insurance concession on construction holiday with pay schemes from 1 November 2012.

The first two quarters of 2013 show a slight increase in construction cost of around 3% since the fourth quarter of 2012.

## Materials

The start of 2013 brought about the usual flurry of price increase announcements.

During the year ahead material prices are likely to be subdued. Steel prices are being forecast to remain flat with raw materials in surplus supply. Oil prices have recently fallen, and the exchange rate of the pound to the euro is most likely to contribute to bringing the cost of imported construction materials down.

Since the book material prices were collated in May 2012 the following changes to key materials has been identified:

	<b>Percentage change May 2012–March 2013</b>
Sand and gravel	11%
Particle board	5%
Plastic pipes and fittings	3%
Bricks	3%
Ready-mixed concrete	0%
Imported wood	-1%
Fabricated structural steelwork	-5%
Concrete reinforcing bars	-5%

Source BIS

Annual construction price inflation has been less than 1% in each month since June 2012.

## Labour

New wage rates agreements came into effect at the beginning of 2013 for building and civil engineering operatives, heating and ventilating operatives, electricians and steelworkers.

Builders' wages agreement provides a 2% increase in basic pay from 7 January 2013.

Similarly the Building and Allied Trades Joint Industrial Council (BATJIC) have also agreed that there will be a 2% increase in pay following the successful conclusion of pay negotiations. The rise will be across the board except for the hourly rate for the Adult General Operative which is to increase by 3%. There will also be improvements in the death benefit scheme, which is to be increased to £25,000, and statutory sick pay will rise to £119 per week. The changes will come into effect from 17 June 2013.

### Heating and Ventilating

Employees in the heating, ventilating, air-conditioning, piping and domestic engineering industry secured a new wage agreement for 2013–14 shortly before Christmas last year

From 1 April, all hourly wage rates rose by 1.5% with corresponding increases in premium rates, responsibility and daily travelling allowances. The agreement also provided for a further increase in the level of contractual pension contributions paid by employers from 2% to 3% of all basic pay from 7 October 2013.

The National Joint Council for the Engineering Construction Industry has agreed a three year deal that provides for annual reviews for operatives, starting with a 2% wage increase from 7 January 2013.

# SPON'S ARCHITECTS' AND BUILDERS' PRICE BOOK 2013

## Costs and Tender Prices Indices

### Building Costs Indices

p 41

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

Year	First quarter	Second quarter	Third quarter	Fourth quarter	Annual average
2012	833	834	832	842	835
2013	858 (P)	860 (F)	861	861	860
2014	873	875	876	876	875
2015	891	894	895	895	894

(P) = Provisional; (F) = Forecast thereafter

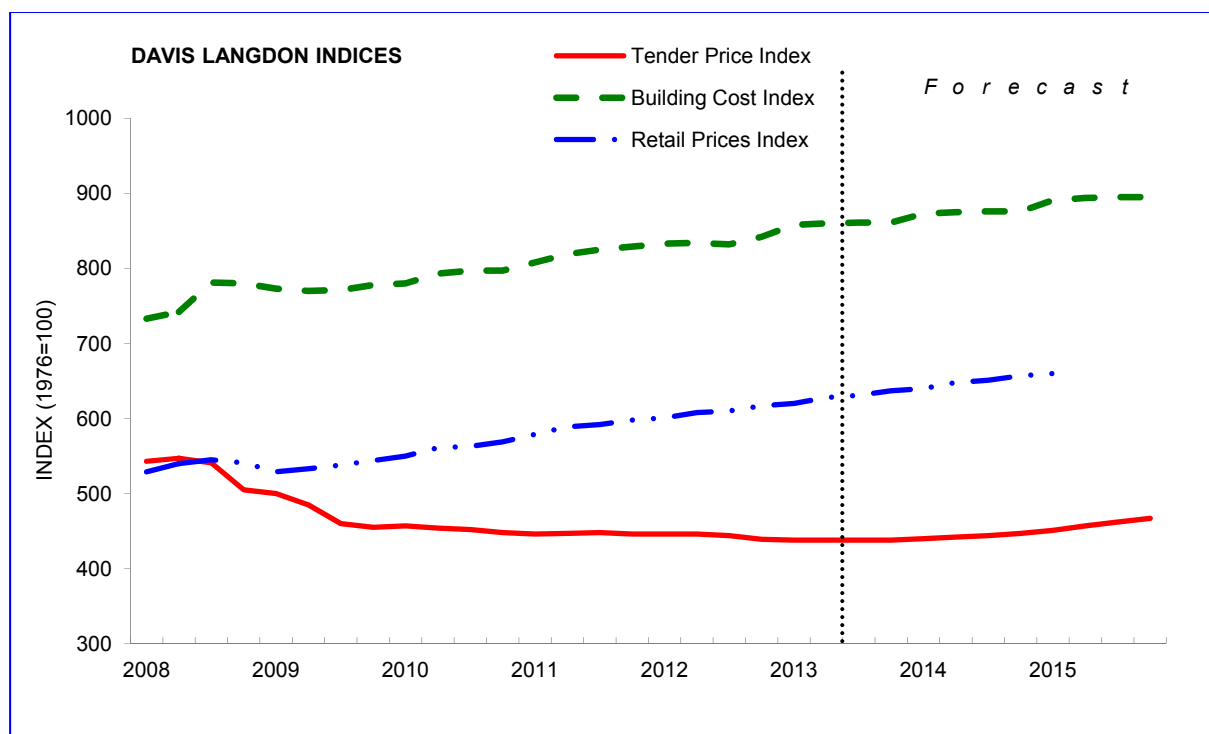
### Tender Prices Indices

p 42

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

Year	First quarter	Second quarter	Third quarter	Fourth quarter	Annual average
2012	446	446	443	439	443
2013	438 (P)	438 (F)	438	438	438
2014	440	442	444	447	443
2015	452	457	462	467	460

(P) = Provisional; (F) = Forecast thereafter



## Regional Variations

p 44

The following table 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, for each region the percentage adjustments advised to the Measured Works section of *Spon's Architects' and Builders' Price Book 2013*.

Region	Adjustment to Measured Works Section
Outer London	0.94
Inner London	1.03
South East	0.97
South West	0.90
East Anglia	0.94
East Midlands	0.85
West Midlands	0.86
Northern	0.81
Northern Ireland	0.54
North West	0.82
Yorkshire and Humberside	0.86
Wales	0.86
Scotland	0.85

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

#### Rates of Wages

The CIJC following basic rates of pay came into effect on 7 January 2013.

*p 49–50*

The tables can be updated as follows:

Classification	Rate per 39 hour week (£)	Rate per hour (£)
Craft Rate	416.13	10.67
Skill Rate 1	396.63	10.17
Skill Rate 2	381.81	9.79
Skill Rate 3	357.24	9.16
Skill Rate 4	337.35	8.65
General operative	313.17	8.03

#### Apprentices/Trainee rates

Stage of Training	Rate per 39 hour week (£)	Rate per hour (£)
Year 1	173.16	4.44
Year 2	223.47	5.73
Year 3 without NVQ2	261.69	6.71
Year 3 with NVQ2	332.67	8.53
Year 3 with NVQ3	416.13	10.67
On Completion of Apprenticeship with NVQ2	416.13	10.67

## Prices for Measured Works

### **Materials Prices**

Reference should be made to the material prices changes notified on page 2 of this *Update*.

### **Rates of Wages**

Reference should be made to the labour rates changes notified on page 2 of this *Update*

### **Erratum**

*p 35*

*The first paragraph should read:*

The Landfill tax came into operation on 1 October 1996. It is levied on operators of licensed landfill sites at the following rates with effect from 1 April 2012 (*not 2011*)

# SPON'S CIVIL ENGINEERING AND HIGHWAY WORKS PRICE BOOK 2013

## Cost and Tender Price Indices

### Price Adjustment Formula Indices

p 72

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

Year	Quarter	1	2	3	4	5	6	7	9	10	11a
2012	1	1916	1307	2045	2331	1755	2532	5763	8497	1461	810
	2	1913	1305	2026	2351	1793	2532	5704	7360	1466	774
	3	1919	1308	2012	2363	1788	2532	5710	8260	1456	755
	4 (P)	1938	1312	2015	2357	1782	2453	5769	7774	1440	748
2013	1	1973	1326	2009	2384	1798	2453	5776	8213	1447	743

(P) = Provisional thereafter

Note: The indices shown relate to the third month of each quarter.

### A Constructed Cost Index based on the Price Adjustment Formula Indices

p 73

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
2012	2555	2536	2540	2541 (P)	2543
2013	2577	2554			

(P) = Provisional thereafter

### The Road Construction Tender Price Index

p 74

The table may be supplemented as follows:

Year	First quarter	Second quarter	Third quarter	Fourth quarter	Annual average
2011	175	169	175	176	174
2012	181	180 (P)	179	175 (P)	179

(P) = Provisional thereafter

## Prices for Measured Works

### Materials Prices

Reference should be made to the material prices changes notified on page 2 of this *Update*.

### Rates of Wages

Reference should be made to the labour rates changes notified on page 2 of this *Update*.

p 77

The Rates of Pay can be updated as follows

Classification	Rate per hour (£)
General operative	8.03
Skill Rate 4	8.65
Skill Rate 3	9.16
Skill Rate 2	9.79
Skill Rate 1	10.17
Craft Rate	10.67

### Erratum

p 407

The last two entries on the page should be:

Inactive or inert material – Total rate £2.50 per tonne (*not m<sup>3</sup>*)

Other material – Total rate £64.00 per tonne (*not m<sup>3</sup>*)

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# SPON'S EXTERNAL WORKS AND LANDSCAPE PRICE BOOK 2013

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## 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
2011	819	828	839	845	833
2012	850	849	851	855	851
2013	867 (P)	866			

P = Provisional thereafter

### Regional Variations

p 23

The table may be updated as follows:

Region	Adjustment factor
Outer London	1.00
Inner London	1.09
South East	1.03
South West	0.96
East Midlands	0.92
West Midlands	0.92
East Anglia	1.00
Yorkshire and Humberside	0.92
Northern	0.86
North West	0.86
Scotland	0.91
Wales	0.90
Northern Ireland	0.56
Channel Islands	1.61

## Prices for Measured Works

### Materials Prices

Reference should be made to the material prices changes notified on page 2 of this *Update*.

### Rates of Wages

Reference should be made to the labour rates changes notified on page 2 of this *Update*.

# SPON'S MECHANICAL AND ELECTRICAL SERVICES PRICE BOOK 2013

## Cost Indices

p 90

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

### Mechanical Installations

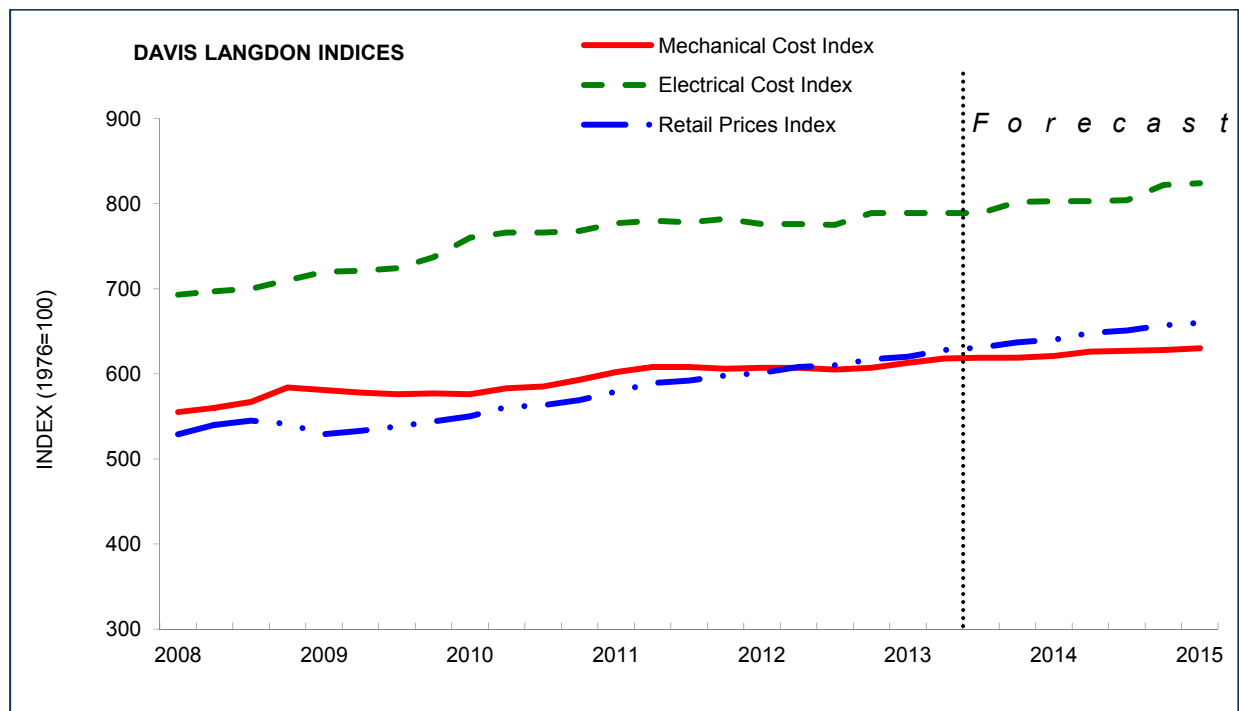
Year	First quarter	Second quarter	Third quarter	Fourth quarter
2012	607	607	605	607
2013	613 (P)	618 (F)	619	619
2014	621	626	627	628
2015	630			

(P) = Provisional; (F) = Forecast thereafter

### Electrical Installations

Year	First quarter	Second quarter	Third quarter	Fourth quarter
2012	776	776	775	789
2013	789 (P)	789 (F)	789	802
2014	803	803	804	822
2015	824			

(P) = Provisional; (F) = Forecast thereafter





## Regional Variations

p 91

The table may be updated as follows:

Region	Adjustment factor
Greater London	1.04
South East	1.03
South West	0.96
East Midlands	0.92
West Midlands	0.92
East Anglia	1.00
Yorkshire and Humberside	0.92
Northern	0.86
North West	0.86
Scotland	0.91
Wales	0.90
Northern Ireland	0.56

## Prices for Measured Works

### Materials Prices

Reference should be made to the material prices changes notified on page 2 of this *Update*.

Prices for non-housing mechanical services installations for housing have declined steadily over the last year, while non-housing mechanical services work have been generally flat.

Prices for electrical materials have declined slightly over the last six months.

### Rates of Wages

Reference should be made to the labour rates changes notified on page 2 of this *Update*.

#### 1. Heating and ventilating operatives

An agreement was concluded just before Christmas which resulted in an increase in pension contributions and some other allowances which came into effect on 28 January and a 1.5% increase in wage rates and other allowances will take effect from 1 April 2013.

p 741

The table may be updated as follows:

Main Grades	From 1 April 2013 p/hr
Foreman	15.23
Senior Craftsman (+2nd welding skill)	13.11
Senior Craftsman	12.59
Craftsman (+2nd welding skill)	12.07
Craftsman	11.55
Operative	10.46
Adult Trainee	8.82
Mate (18 and over)	8.82
Mate (16–17)	4.09
Modern Apprentices	
Junior	5.72
Intermediate	8.12
Senior	10.46

#### 2. Electricians

Electricians' wage rates have been frozen for three years, but increased by 1.5% from 7 January 2013. The agreement also provides for a further increase of 2% from 6 January 2014.