


<p>Editors AECOM Aldgate Tower 2 Leman Street London E1 8FA Tel: +44 (0) 20 7061 7000 e-mail: spons.europe@aecom.com www.aecom.com</p>	<p>SPON'S 2017 PRICE BOOKS UPDATE TWO</p>
<p>Publishers Taylor & Francis 2 Park Square Milton Park, Abingdon Oxon OX14 4RN Tel: +44 (0) 207 017 6000 www.taylorandfrancis.com</p>	
<p>INCORPORATING CHANGES UP TO 28 FEBRUARY 2017</p>	

This *Update* covers the 2017 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 and 4, the *Civil Engineering and Highway Works Price Book* on pages 5 and 6, the *External Works and Landscape Price Book* on page 7, and the *Mechanical and Electrical Services Price Book* on page 8.

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

Spon's 2018 Price Books are planned to be published in September 2017.

The Construction Climate

Construction activity trends

Early 2017 is expected to see more of the same for the construction sector: capacity constraints, good workload, increasing labour wage rates and overall optimism. Added to this are rising materials costs, primarily driven by significant changes to sterling foreign exchange rates.

All work construction output carried forward the broadly flat yet positive yearly growth trend through 2016 into its final quarter. Office for National Statistics (ONS) construction output data recorded a modest increase of 1.5% in November compared to the same month a year earlier. All new work increased by 4.4%; the fly in the ointment was this being offset by a 4% drop year-on-year in repair and maintenance work, which accounts for approximately 35% of all industry output.

Tender price index

Tender prices increased in Q4 2016 by 5.5% provisionally versus the same time a year earlier. More upside risks to the outlook are expected through 2017 than last time.

Building cost index

A composite measure of building costs increased over the last 12 months by 2.6% at Q4 2016. Labour costs are still rising albeit at a slightly lower rate, and materials cost inflation is now also increasing their contribution to the overall increase.

Materials cost inflation increased notably over the period, resulting from a combination of sterling depreciation and New Year price increases.

Materials

The Department for Business, Energy & Industrial Strategy (BEIS) headline 'All Work' material price index increased by 5.8% in the 12 months to January 2017.

Since the book prices were compiled in May 2016 the materials experiencing the largest price increases and decreases are:

	Percentage change May 2016–January 2017
Increases	
<i>Imported plywood</i>	+10%
<i>Imported sawn or planed wood</i>	+10%
<i>Fabricated structural steel</i>	+8%
<i>Sanitary ware</i>	+4%
Decreases	
<i>Ready-mixed concrete</i>	-1%
<i>Paint (aqueous and non-aqueous)</i>	-1%
<i>All bricks</i>	-3%

Source: BEIS

Labour

Data from the Office of National Statistics (ONS) indicate that average weekly earnings (total pay including bonuses) in construction fell marginally to £631 in December 2016, from £632 a month earlier. Annually, total earnings increased 5.2% in December on a single-month basis, and 6.5% annually on a 3-month average basis. Regular pay (excluding bonuses and arrears) increased to £602 per week in December, with annual rates of 5.2% on a single-month basis and 4.6% using a three-month average.

Construction industry regular and total pay continues to exceed changes to average earnings for the whole economy classification, which was broadly 2.5% at the end of 2016.

SPON'S ARCHITECTS' AND BUILDERS' PRICE BOOK 2017

Costs and Tender Prices Indices

Building Costs Indices

p 39

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

Year	
2015	110
2016	112
2017	115 (F)
2018	11

(F) = Forecast thereafter

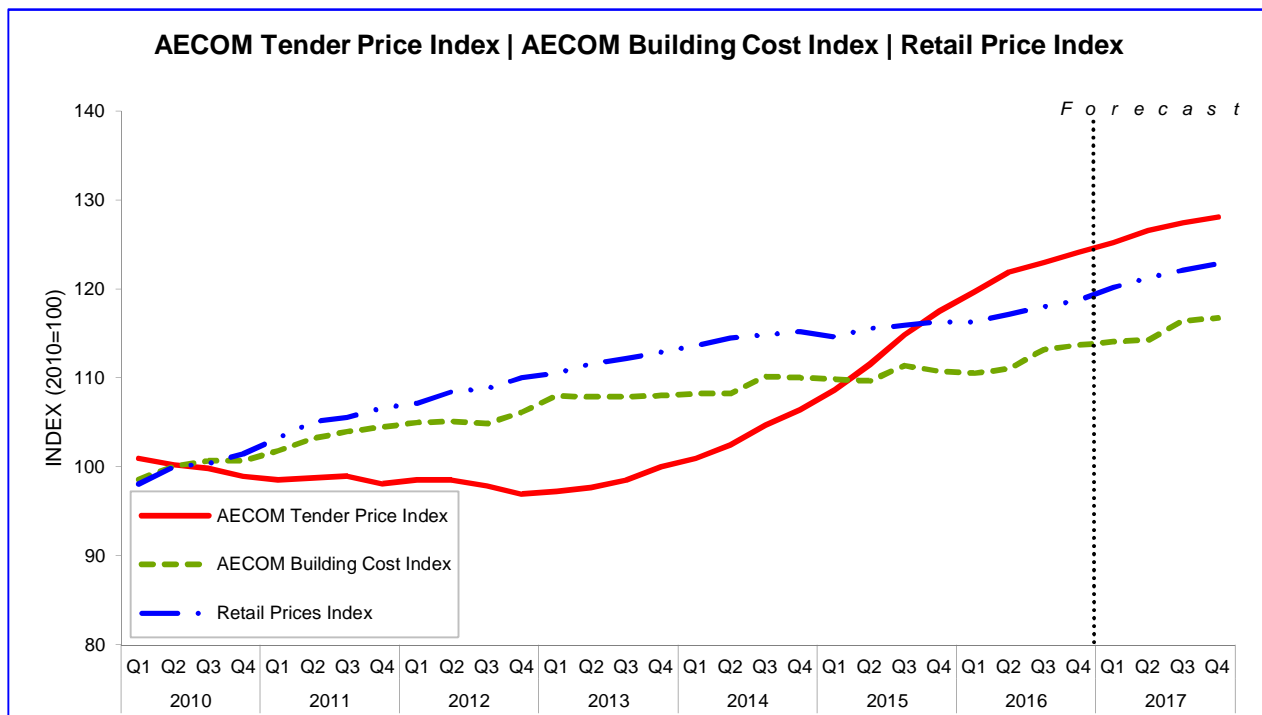
Tender Prices Indices

p 40

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

Year	First quarter	Second quarter	Third quarter	Fourth quarter	Annual average
2015	492	505	520	532	512
2016	542	552	557	562 (P)	553 (P)
2017	567 (F)	573	577	580	574
2018	582	585	588	590	586

(P) = Provisional; (F) = Forecast 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

Construction Industry Joint Council

Following negotiations between the parties to CIJC, the council has agreed a two-year agreement on pay and other conditions. Hourly pay rates will increase by 2.5% from 25th July 2016 and then by a further 2.75% in June 2017. Industry sick pay and subsistence allowance will also increase in line with the basic pay rate increases. Workers will receive an extra day's holiday from 1st January 2017, which is worth an additional 0.4%. For more details on apprentice rates, daily fare and travelling allowance and other rates refer to CIJC document IR.2016.19.

Rates in the book were based on an assumption that a 3% increase would be awarded from June 2016. The actual increase is 2.9% overall and we would suggest that users continue to use the published rates rather than amend the labour rates.

The Building and Allied Trades Joint Industrial Council (BATJIC) agreed a two-year pay deal effective from 27th June 2016. Workers will receive a 2.5% pay rise this year and a further 2.5% increase in 2017. Lower paid operatives will get a bigger boost of 4% this year, followed by 2.5% next year. The agreement includes a commitment that, if inflation in early 2017 is higher than 2.5%, then the 2017 pay rise will match this up to a limit of 3%.

SPON'S CIVIL ENGINEERING AND HIGHWAY WORKS PRICE BOOK 2017

Cost and Tender Price Indices

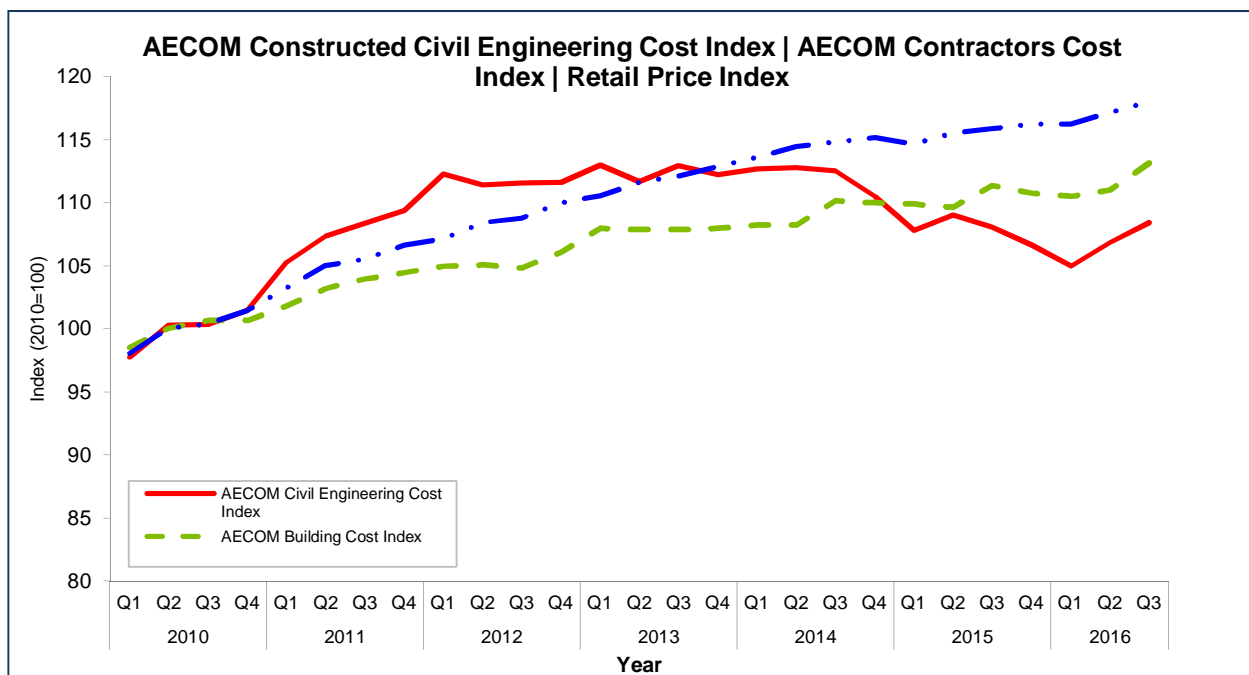
A Constructed Cost Index based on the Price Adjustment Formula Indices

p 57

The table and chart for the Constructed Civil Engineering Cost Index may be supplemented as follows:

Year	First quarter	Second quarter	Third quarter	Fourth quarter	Annual average
2014	113	113	113	111	112
2015	108	109	108	107	108
2016	105	107	108	110 (P)	108 (P)

(P) = Provisional



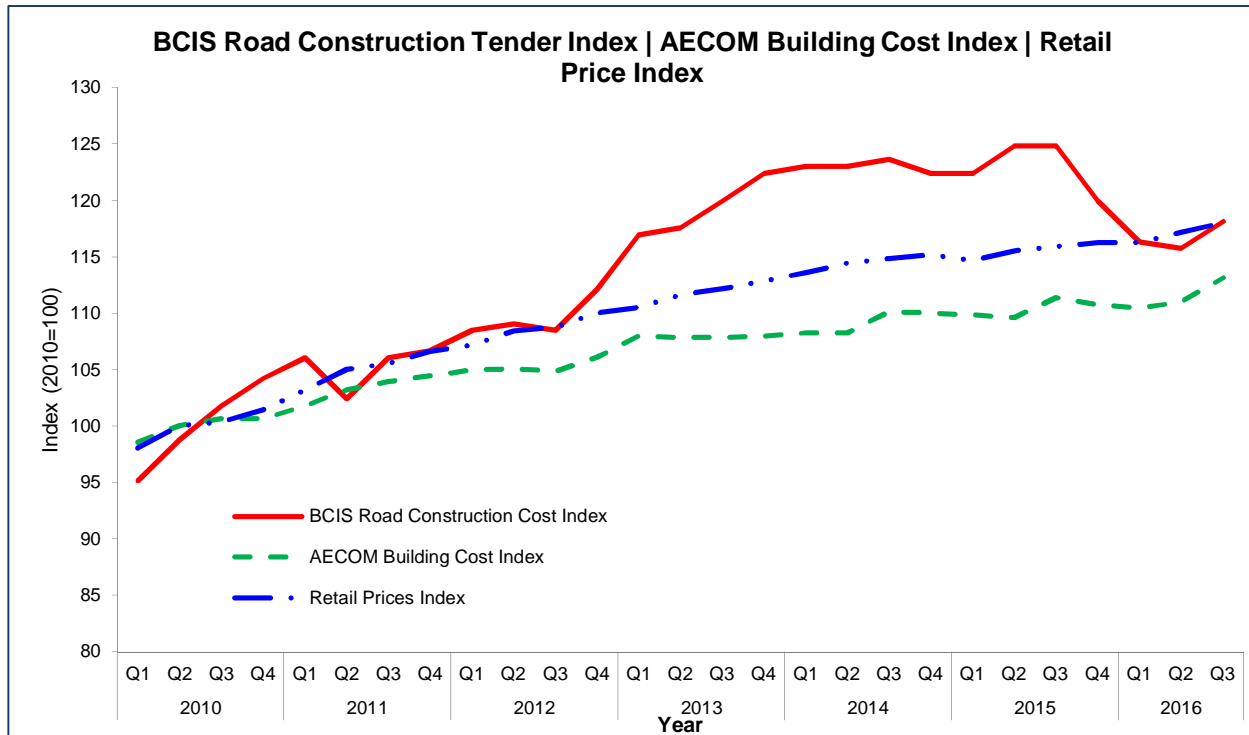
The Road Construction Tender Price Index

p 58

The table and chart may be supplemented as follows:

Year	First quarter	Second quarter	Third quarter	Fourth quarter	Annual average
2014	123	123	124	123	123
2015	122	125	125	120	123
2016	116	116	118 (P)		

(P) = Provisional



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 material prices changes notified on page 2 of this *Update*.

Erratum

Page 439, item 7 should be

Contraction joints; 260 mm deep concrete; Labour £1.92; Plant £26.49; Materials £21.30; Total £49.71

SPON'S EXTERNAL WORKS AND LANDSCAPE PRICE BOOK 2017

Cost Indices

The Constructed Landscaping Cost Index

p 24

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
2014	878	880	890	886	884
2015	881	889	897	894	890
2016	891	898	911	919 (P)	905 (P)

(P) = Provisional

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 material prices changes notified on page 2 of this *Update*.

SPON'S MECHANICAL AND ELECTRICAL SERVICES PRICE BOOK 2017

Cost Indices

p 106

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
2014	621	620	620	630
2015	629	628	625	636
2016	636	642	646	657 (P)
2017	663 (F)	664	666	676
2018	678	680	681	693

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

Electrical Services

Year	First quarter	Second quarter	Third quarter	Fourth quarter
2014	797	795	795	795
2015	812	811	809	808
2016	828	830	830	832 (P)
2017	849 (F)	850	850	851
2018	870	870	871	872

(P) = Provisional; (F) = Forecast 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

Joint Council Committee of the Heating, Ventilating and Domestic Engineering Industry

A two-phase agreement has been agreed between BESA and Unite trade unions. Phase 1 includes 2.0% and 2.50% increases in the hourly wage rate effective from 3 October 2016 and 2 October 2017 respectively. Phase 2 covers the periods 2018/2019 and 2019/2020 involving increases in index and other benefits agreed in July 2016. It is understood that 2018 and 2019 hourly wage rate discussions will take place towards the end of 2016. Introduction of calculating daily fare and travel allowances has been changed from kilometres to miles. Workers' annual holiday to increase from 23 to 24 days effective from February 2020. For more information on agreement, refer to JCC letter 117 of BESA.

The Joint Industry Board for the Electrical Contracting Industry

The electrical contracting industry has agreed a four-year wage deal, effective from January 2017. Hourly wage increases of 2% in 2017, 2.50% in 2018, 2.75% in 2019 and 3.0% in 2020. Introduction of a new mileage allowance and rate to replace travel allowance and travel time also comes into effect. Annual holidays increase to 23 days in 2019 and 24 days in 2020. For more information on the agreement, refer to the electricals' and Unite wage agreement document – July 2016.