



## AKC-Work Complete Ballincollig Shopping Centre

The Ballincollig Shopping Centre was opened on 18<sup>th</sup> October 2005. This 22,500m<sup>2</sup> shopping centre represents phase 1 of a much larger Town Centre development by O'Flynn Construction Ltd. The remainder of the development consisting of residential housing, apartments, offices, retail and commercial areas is due for completion in 2008.



## Budget 2006 and Property

Budget 2006 was again a quite year for changes within the construction sector. The only significant changes being as follows:

### Extension of Certain Property Tax Reliefs

The qualifying period for Urban Renewal Scheme, Rural Renewal Scheme, Town Renewal Scheme, and the special reliefs for hotels, holiday cottages, student accommodation, multi-storey car parks, third level educational buildings, sports injury clinics, developments associated with park-and-ride facilities has been extended, as follows:

- 100% relief where expenditure has been incurred by 31 December 2006,
- 75% relief where expenditure has been incurred in the period 1 January 2007 to 31 July 2008 and
- 50% relief where expenditure has been incurred in the period 1 January 2008 to 31 July 2008.

The time extensions in 2006 and 2007 will only apply if 15% of the construction expenditure (excluding site cost) has been incurred by 31 December 2006.

The tax reliefs will cease for expenditure incurred after 31 July 2008.

### Park-and-Ride Facilities and the Living-Over-the-Shop Scheme

The Park-and-Ride Facilities and the Living-Over-the-Shop Scheme will be reintroduced in a more focused way; but will exclude commercial and residential developments associated with park-and-ride facilities. Existing "pipeline" projects will be eligible for the time extensions above.

### Capital Allowances for Private Hospitals and Private Psychiatric Hospitals

Capital allowances are currently available in respect of private hospital where they provide five specialist services from a list of fourteen potential services. This list is now to include psychiatric care services.

In addition, the current scheme of capital allowances will be extended to provide for capital allowances for the construction or refurbishment of buildings used as private psychiatric hospitals. While the hospital can provide services to private patients, 20% of the bed capacity must be available for public patients, and the hospital must provide a discount of at least 10% to the State. The scheme is subject to clearance by the European Commission.

## New Government Construction Contracts

The saga with the proposed New Government Construction Contracts continues. In a Press Statement following the Budget the SCS stated "that it failed to see the merits of the proposed new forms of government's contracts for the building industry and, in particular, where any provision has been made in today's budget to cover the escalation in cost and reduction in competition due to the longer delays which are likely to result from the new forms in 2006 and beyond. This is particularly disappointing in light of the recently announced Transport 21 Plan, and also the intention of the government to proceed with these new contracts. The Society reiterates its view that cost certainty at any cost does not represent good value for money".

And in a recent release the CIF have stated that "the GCCC have agreed to examine CIF / CIC detailed proposals on how amendments to the existing proven contract forms can give effect to the implementation of the Governments decision to introduce fixed price lump sum contracts. The proposed amendments have been developed by the CIF Fair contracts Committee in partnership with the CIC and were submitted to the GCCC in December 05. The next meeting with the GCCC is scheduled to take place on 17th January 2006 and we expect to receive their reply to our submission in relation to the amendments to the GDLA / FIDIC document and to our serious concerns in relation to the imbalances contained in their proposed contracts"

## Development Contribution Schemes

Cork City Council's website is kept very much up to date with respect to the current levels of Development Contributions. The data, therefore, on our website [www.akc.ie](http://www.akc.ie) is current and more accurate for our clients who use our website as a reference. We wish that other Local Authorities would follow the example set by the Cork City Council.

## Development Contribution Scheme - Appeal to An Bord Pleanála

O'Flynn Construction appealed the level of Development contributions attached to the Planning Decision by Cork City Council in connection with their mixed use development at Eglinton Street, Cork. Their Appeal contended that Planning Authority did not apply the correct definition of "gross floor area". The method of calculation included basement level parking at two levels and covered parking at ground level. An Bord Pleanála upheld O'Flynn Construction's Appeal and it "considered that in calculating the amount to be paid with respect to public infrastructure and facilities benefiting development in the area of the planning authority, the relevant terms of the Cork City Council Development Contributions Scheme had not been properly applied in that the gross floor area of basement level carparking provision and ground floor carparking to the building was not excluded from the reckonable gross floor area for development charges in accordance with the relevant terms of the Cork City Council General Development Contributions Scheme, 2004". This successful Appeal reduced the Development Contribution by c.€2 million.

## SCS Rebuilding Insurance Guide

The Society of Chartered Surveyors has recently published an updated edition of the SCS Guide to House Rebuilding Insurance. The table of costs in the guide are effective from July 2005. The guide can be downloaded from the SCS website at [www.scs.ie](http://www.scs.ie). There is also a link to the guide on the [www.akc.ie](http://www.akc.ie) website within the Cost Data section.

## EU Procurement Guidelines

All Public Sector clients should be aware of the Harmon versus House of Commons High Court case, where the judge ruled that the House of Commons had breached EU procurement regulations. As a result of the landmark ruling, Harmon, a cladding contractor, is claiming around £5 million for loss of profit and tendering costs relating to a fenestration works contract at the New Parliamentary Building opposite the House of Commons. In a recent comment on the decision, consultants EC Harris said: "The judge's ruling has big implications for the construction industry. Harmon's £5 million claim on the Government represents around 15% of the contract value, and the financial cost in relation to EU-regulated schemes all over Britain could be enormous if consistent and transparent tendering practice is not adhered to. "The impact could also be felt across the EC, although, at present, the case has only been heard in the UK. And the same principles could be applied to all procurement, in all industry sectors, that fall under the various EU regulations. "The top-line is that clients need to be extremely clear at the outset how they intend to evaluate tenders, otherwise they run the risk of unsuccessful tenderers claiming and winning damages. EC Harris has launched tendering guidelines for clients, some key points of which are:

### Tendering

- Where tenders are sought on the basis of what is the most 'economically advantageous,' tenderers must be advised what evaluation criteria will be used to assess their bid - either in the notice or the tender documents, and preferably in order of importance.

### Pre-qualification

- Information provided by the tenderer cannot be used to mark down or disqualify a tenderer in the appraisal stage unless it relates to one or more of the evaluation criteria.

### Tender appraisal

- Tender evaluation by clients must be applied on a like-for-like basis, using exactly the criteria advised to the tenderers. Any scoring procedures should be agreed by the project team before receipt of tenders, and ideally advised to tenderers, to remove selection bias.



**SCS Construction Cost Index** (Source: Society of Chartered Surveyors)

Base Year 1985 = 100

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Yearly % Jan to Jan.
1997	160.0	160.6	161.0	162.5	162.6	162.8	164.5	165.1	165.9	166.4	166.5	166.5	4.38%
1998	167.0	167.3	168.0	168.1	169.1	169.3	171.0	170.8	171.0	171.1	171.0	170.8	2.46%
1999	171.1	171.1	171.2	176.8	176.9	177.1	179.0	179.1	182.9	183.6	183.7	183.7	8.12%
2000	185.0	185.5	186.2	186.4	187.0	187.1	187.4	187.5	188.2	210.4	210.4	210.5	14.05%
2001	211.0	211.8	213.2	215.8	215.8	215.8	220.0	227.1	227.2	232.2	232.2	232.1	10.19%
2002	232.5	232.6	231.5	231.5	231.6	231.7	237.6	237.7	237.7	237.7	237.7	237.8	2.32%
2003	237.9	238.0	238.0	242.2	242.2	242.2	242.5	242.5	242.5	242.5	242.5	242.5	3.49%
2004	246.2	247.8	249.5	251.4	252.7	253.0	255.0	255.6	255.9	258.6	259.2	259.8	5.61%
2005	260.0	260.1	260.2	262.4	262.7	262.8	263.0	263.1	263.3	267.4			

**DOE House Building Cost Index** (Source: Department of the Environment)

Base Year 1991 = 100

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Yearly % Jan to Jan.
1997	118.0	118.5	118.8	119.8	119.8	119.8	120.8	121.0	121.5	122.0	122.6	122.6	4.15%
1998	122.9	123.1	123.8	123.8	124.5	124.5	125.7	125.7	126.0	126.2	126.2	126.1	2.77%
1999	126.3	126.4	126.5	130.5	130.5	130.5	131.5	131.5	134.1	134.7	134.8	134.9	7.52%
2000	135.8	136.1	136.4	136.5	136.8	136.9	137.2	137.2	137.7	153.8	153.8	153.9	13.62%
2001	154.3	154.7	155.6	157.4	157.6	157.7	161.1	165.9	166.0	169.3	169.4	169.3	10.11%
2002	169.9	170.0	169.5	169.5	169.5	167.7	173.8	173.9	173.9	173.9	174.0	174.1	2.53%
2003	174.2	174.5	174.5	177.3	177.3	177.4	177.1	177.2	177.2	177.2	177.2	177.2	2.76%
2004	179.6	179.7	179.9	179.9	180.0	180.2	182.1	182.2	182.2	183.9	184.2	184.2	2.84%
2005	184.7	184.8	184.9	186.5	186.6	186.6	186.7	186.9	186.9	189.5	189.4	189.7	

**CSO Wholesale Price Index for Construction Wages & Materials (WPCM4040)**

(Source: Central Statistics Office)

This index has been rebased to the year 2000, historical index figures are available on our website [www.akc.ie](http://www.akc.ie)

Base Year 2000 = 100

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Yearly % Jan to Jan
2000	96.1	96.5	96.7	97.4	97.8	98.0	98.0	98.2	98.7	107.4	107.5	107.6	12.38%
2001	108.0	108.4	108.5	110.4	110.4	110.6	112.6	115.6	115.7	117.8	117.8	117.7	9.35%
2002	118.1	118.4	118.4	119.2	119.4	119.4	121.6	121.7	121.9	122.3	122.2	122.2	2.88%
2003	121.5	121.7	121.9	123.8	123.8	123.7	123.7	123.9	123.9	124.3	124.5	124.6	3.62%
2004	125.9	127.1	128.6	130.1	131.0	131.3	132.9	133.4	133.9	135.2	135.7	136.3	8.18%
2005	136.2	136.0	135.9	137.1	137.4	137.5	137.7	137.8	138.0	140.1	140.6		

**CSO Consumer Price Index (CPAM 063)** (Source: Central Statistics Office)

Base Year 1996 = 100

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Yearly % Jan to Jan
1998	101.3	101.8	102.3	102.8	103.2	103.7	103.4	103.7	104.0	104.1	103.7	103.6	1.48%
1999	102.8	103.4	103.7	104.2	104.7	105.0	104.6	105.2	105.6	105.7	105.9	107.1	3.99%
2000	106.9	107.8	108.5	109.3	110.1	110.8	111.1	111.7	112.1	112.9	113.3	113.4	5.24%
2001	112.5	113.5	114.4	115.4	116.1	116.7	116.4	116.8	117.3	117.7	117.6	118.2	4.89%
2002	118.0	118.8	119.9	120.9	121.5	121.7	121.3	122.0	122.6	123.2	123.3	124.1	4.75%
2003	123.6	124.8	125.8	126.1	126.0	126.0	125.1	125.9	126.1	126.0	126.0	126.5	1.86%
2004	125.9	126.9	127.4	127.9	128.1	128.8	128.5	129.2	129.3	129.4	129.7	129.8	2.22%
2005	128.7	129.8	130.1	130.7	131.2	131.6	131.6	132.1	133.2	133.3	133.3		

**Permanent TSB National House Price Index** (Source: Permanent TSB)

Base Year 2003 = 100

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Yearly % Jan to Jan
1996			33.7	33.8	34.2	34.6	34.9	35.3	35.5	35.8	35.8	35.7	
1997	36.5	36.9	38.0	38.4	39.0	39.5	39.8	40.2	40.5	41.2	41.7	42.0	16.16%
1998	42.4	43.0	44.0	44.7	46.2	47.8	49.8	51.1	51.8	52.7	53.2	54.6	29.01%
1999	54.7	55.6	56.3	57.1	57.8	58.6	59.8	60.7	61.5	62.3	63.4	64.3	19.56%
2000	65.4	66.1	67.4	68.5	69.8	71.1	72.4	73.9	74.2	75.0	76.4	78.0	20.64%
2001	78.9	79.2	80.2	81.2	81.6	81.8	82.6	83.4	83.2	82.5	82.1	81.5	2.41%
2002	80.8	81.3	82.8	85.2	85.6	86.0	86.4	87.5	88.7	90.0	91.2	92.3	15.10%
2003	93.0	93.8	94.8	96.0	97.7	98.7	99.8	100.6	101.1	102.4	103.6	105.0	13.33%
2004	105.4	106.3	107.1	108.4	108.9	109.9	110.9	112.1	113.2	113.5	113.8	114.0	8.54%
2005	114.4	114.7	115.1	115.5	116.1	116.8	117.8	119.0	120.2	121.7	123.1		

**National Rental Index** (Source: Daft Report)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2002	110.2	103.7	99.9	102.2	102.9	96.9	97.0	100.6	99.0	100.2	96.4	94.1
2003	95.4	97.2	96.1	92.7	94.2	91.9	91.5	91.1	89.4	88.7	88.3	88.0
2004	87.0	84.1	84.2	84.2	84.1	84.8	84.4	83.5	82.5	83.6	84.8	81.1
2005	83.9	84.2	82.6	85.2	83.6	84.3	85.6	84.0	84.8			

**SCS Tender Index**

(Source: Society of Chartered Surveyors)

	Jan - July	July - Dec
2001	132.2	136.9
2002	133.9	130.1
2003	127.2	129.3
2004	135.3	139.4
2005	142.6	

**HPO Tender Index**

(Source: Department of Health)

Construction	Q 1	Q 2	Q 3	Q 4
2000	470	485	500	540
2001	570	580	595	605
2002	621	631	640	626
2003	628	628	628	628
2004	628	629	631	632
2005	634	640	646	653

**Note:**

The UK House Price Index featured in Q3 2003 is updated monthly and is available on our website in the "Indices" Section.

Due to space constraints only the most recent years of some of the above indices have been shown here, the full indices are available on our website at [www.akc.ie](http://www.akc.ie)