



Agenda item:

**Procurement Committee**

On 28<sup>th</sup> July 2011

**Report Title:** Digital Communal Aerial Systems Upgrade Programme

**Report authorised by:** Mun Thong Phung, Director of Adult and Housing Services

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**Wards(s) affected:** All

**Report for:** Key Decision

**1. Purpose of the report**

1.1 This report sets out a programme of works to continue the upgrade of existing communal aerial systems across the Borough with a digital communal aerial system to comply with 4th April 2012 switchover from analogue to digital services. The works outlined in this report are scheduled to commence on 15th August 2011. As such, this report is seeking Procurement Committee approval for the award of this contract.

**2. Introduction by Cabinet Member**

2.1 To ensure that television reception is available on our communal television reception systems following the switch off of the analogue signal, this report informs Members of the Procurement Committee about the proposed packages of work that will ensure that the Council will meet the coalition government's digital switchover deadline.

2.2 I therefore support the approach outlined and note that HfH appear to have put a lot of thought into the programme delivery particulars, whilst being committed to both facilitating the Council's duty as a Landlord and completing the digital IRS programme in December 2011, 4 months ahead of the government's deadline.

**3. State link(s) with Council Plan Priorities and actions and /or other Strategies:**

**3.1 Sustainable comment**

As with all our Asset Management procurement programmes, the contractor is expected to contribute to Haringey's vision on sustainability. The contractor will minimise waste, recycle and safely dispose of residual waste. The contractor will use durable, renewable, recyclable materials that are of low toxicity and easy to maintain.

**3.2 Conservation Area**

The communal aerial system upgrade programme will respect and complement the blocks in conservation areas. This will be done in accordance with the Asset Management Strategy and Environmental Sustainability Strategy both which provide a strategic framework for delivery of Capital Works Programmes. The objectives of these strategies are closely linked to the Council's Greenest Borough Strategy, the Sustainable Procurement Strategy, Regeneration Strategy and Asset Management Plan.

**4 Recommendations**

4.1 That Members agree to award the contract for the above project to **SCC International Ltd**, as allowed under Contract Standing Order CSO11.03.

4.2 That the total anticipated cost excluding fees as detailed in Paragraph 1.2 of Appendix A be noted.

**5 Reason for recommendation(s)**

5.1 The Government has stated 4<sup>th</sup> April 2012, as the deadline for the switchover from analogue to digital TV services. This means that our existing analogue communal TV aerial system must be upgraded for residents to receive digital TV services in time for the digital switchover.

5.2 The delivery of the programme will be via a design and build contract, via a framework procured by the Council in 2009 in accordance with European Union regulations.

**6. Other options considered**

6.1 Not applicable.

**7. Summary**

7.1 The works set out in this report form part of the overall delivery of the Housing Capital Programme for 2011/12.

**7.2 Background**

The majority of the communal TV aerial systems in Haringey are over 30 years old and nearing the end of their useful life. The Government is turning off the analogue broadcasts to London in April 2012. This means that for residents to receive digital TV services the existing analogue communal TV aerial system must be upgraded to receive digital TV in time for the digital switchover in 2012.

### 7.3 Proposed Works and Call Off Contract Details

7.3.1 It was established and reported previously that the most suitable procurement route for the delivery of the programme would be using the design and build option where the contractor undertakes all the responsibility for the delivery of the programme on an annual basis to cost and time. The delivery of the programme will therefore be via a design and build contract to be called off of the Council's framework set up for this purpose in 2009. This framework has been procured in accordance with European Union (EU) regulations.

7.3.2 As outlined in the Official Journal of the European Union (OJEU) notice, it is envisaged that the services to be provided under the framework by the Digital Communal Aerial System (IRS) contractor will include: survey, design, building services design and the execution of the works.

7.3.3 On 27 October 2009 approval was obtained from the Procurement Committee for the award of Framework agreements to replace the communal analogue TV aerials within the Borough with an Integrated Reception System (IRS).

7.3.4 SCC International Ltd's tender for the framework was assessed to be the most competitive.

7.3.5 SCC International Ltd surveyed the properties and has provided the quotation set out in paragraph 1.2 of Appendix A which is based on the agreed schedule of rates within their tender for the framework.

7.3.6 The average cost per unit for the installation within this phase is £356.00 without fees.

7.3.7 SCC International Ltd's quotation has been checked by the Contract Administrator who has confirmed that the costs are in accordance with their schedule of Rates. It is considered to represent value for money and is satisfactory as the basis for a contract. Their quoted cost is therefore the anticipated cost of the contract works.

7.3.8 Total anticipated construction cost (excluding fees) refer to para 1.2 of Appendix A

Anticipated contract start on site	15 <sup>th</sup> August 2011
Anticipated contract completion	30 <sup>th</sup> December 2011
Contract duration	20 weeks

### 7.4 Properties Within Project

7.4.1 There are 3566 properties within this project.

### 7.5 Schedule of Works

7.5.1 Installation of Digital Integrated Reception System (IRS), which includes, main control boxes, main satellite dishes, cabling and individual socket outlets within residents dwellings. The works will also include the removal of satellite dishes for hand back to residents.

### 7.6 Sustainability Implications

7.6.1 The programme has been carefully designed where possible to allow for minimising waste during the construction and the useful life of the products.

Where possible, existing trunking and conduits will be used to run the wiring, thereby retaining any equipment which still has a useful life.

7.6.2 The majority of the existing wiring is buried within the fabric of the buildings and this will be left in situ. The new wiring contains an element of copper, a material that can be recycled at the end of its useful life.

7.6.3 The new systems should reduce the need for individual residents to have to purchase and erect their own dishes thereby reducing the carbon footprint.

#### **7.7 Conservation Areas**

7.7.1 Consideration will be shown for areas that are subject to specific consents relating to conservation.

#### **7.8 Planning**

7.8.1. The Planning department will be consulted under the standard application methods if required.

### **8. Chief Financial Officer Comments**

8.1 Budget provision in the sum of £3,500,000 was approved by Cabinet on the 26<sup>th</sup> April 2011 to meet the costs of Digital TV – Integrated Reception System installations in 2011/12. This budget will be funded from the Major Repairs Allowance.

8.2 If this project is approved the total cost in the sum of £1,441,702, including fees, will be charged to the above budget.

8.3 A sum of £282,780.88 will be recharged to Leaseholders with the sums being returned to the Housing Revenue Account. Householders who are tenants will be charged an annual service charge.

### **9. Head of Legal Services Comments**

9.1 This report is seeking Procurement Committee approval to award a call-off contract for communal aerial upgrade works at the properties detailed in the report to the contractor named in paragraph 4.1 of the report.

9.2 Cabinet Procurement Committee had on 27<sup>th</sup> October 2009 granted approval to the appointment of four contractors to framework agreements for provision of such works in the borough. The contractor recommended for award of the contract in this report was one of the four contractors appointed.

9.3 The framework agreements were tendered in the EU and selection of the Framework contractors was undertaken in compliance with the Public Contracts Regulations 2006.

9.4 When the framework agreements were awarded, the contractor named in paragraph 4.1 of this report was assessed as the most economically advantageous tenderer, that is the contractor which submitted the most competitive tender having regard to both quality and price.

- 9.5 The value of the proposed contract exceeds £250,000 therefore the award requires the approval of the Procurement Committee in accordance with CSO 11.03.
- 9.6 The contract is also a key decision and as such needs to be and has been included in the Council's Forward Plan (in accordance with CSO 11.04).
- 9.7 Subject to the further comments set out in para. 4 of Appendix A of this report, the Head of Legal Services is satisfied that the Council as landlord has complied with its statutory leaseholder consultation obligations in relation to leaseholders from whom a contribution towards the works of over £250 will be sought.

## 10. Head of Procurement Comments

- 10.1 This framework agreement for Digital TV – Integrated Reception System installation was originally tendered in the EU and awarded in October 2009 by Cabinet Procurement Committee.
- 10.2 SCC International Ltd named in appendix A paragraph 1.2 has been called off as the most economically advantageous tender under the original tender.
- 10.3 Homes for Haringey have confirmed that the prices have been calculated from and are in accordance with the framework agreement and to be best value.

## 11. Equalities and Community Cohesion Comments

- 11.1 Haringey is a diverse borough with a wide variety of ethnic backgrounds. The proposed works demonstrate Homes for Haringey's commitment to meeting the needs of its community.
- 11.2 The programme will provide a wide range of local and foreign television channels (subject to residents subscribing to the services).
- 11.3 Consultation newsletters were translated into the following languages on request. Somali, Greek, Turkish, Portuguese, Albanian, Farsi, Lingana, Chinese and Bulgarian at a total cost of £1,615.94.
- 11.4 The 'switching over to digital TV' booklet was translated into Russian on request at a cost of £737.09.

## 12. Consultation

### 12.1 Internal

Homes for Haringey have consulted council officers in the preparation of this programme by briefings, detailed newsletters to council officers and Ward Members.

### 12.2 External

Homes for Haringey have carried out detailed consultation on this project through detailed newsletters and meetings with residents.

- 12.3 Residents across the borough were consulted and an Option selection process was carried out between June 2010 and December 2010. The existing communal

aerial system will be replaced with one of the Integrated Reception System (IRS) system options (as chosen by residents) below:

- Option 1: IRS 13 wire installation providing, DAB radio, Freeview TV, Freesat, all Sky TV services, Hotbird satellite & Turksat satellite
- Option 2: IRS 5 wire installation providing, DAB radio, Freeview TV, Freesat, all Sky TV service

12.4 The results of the residents' consultation were that 2,477 chose Option 1 and 1,089 Option 2.

#### 12.5 Leaseholder Implications

12.6 As a result of applications made under the Right to Buy legislation, there are leaseholders as well as council tenants, living in the properties affected by the works described in this report.

12.7 Under the terms of their lease the lessee is required to make a contribution towards the cost of maintaining in good condition the main structure, the common parts and common services of the building. Such contributions are recovered by the freeholder through the lessees service charge account.

12.8 In accordance with the Landlord and Tenant Act 1985, the Council as freeholder, has obtained competitive prices and subject to the Procurement Committee's agreement the council will award this contract to the most economically advantageous tenderer.

12.9 A statutory Notice of Intention to carry out the works was sent to leaseholders on 09 December 2010. That notice gave a description of the proposed works and invited leaseholders to make observations on the proposal. Leaseholders had until 07 January 2011 to make observations in writing on the notice.

12.10 The total amount estimated to be recovered from 826 leaseholders is £282,780.88.

12.11 There 25 Leaseholders within the 5 year Section 125 period. No recoverable charges will be made.

12.12 Leaseholders outside of the 5 year Section 125 period total estimated recoverable charges are £282,780.88, which equates to an average of £353.03 per leaseholder.

12.13 The charges to all 826 leaseholders are limited to the estimates contained in their Offer Notices. Invoices for these works are included within the annual Certificate of Actual Services Charge, which is sent to every leaseholder after the end of the financial year. Each invoice will be calculated on the basis of the final account cost of the works. The invoice will be payable interest free over a five to six month period.

#### **12.14 Tenant Implications**

For tenanted properties, the cost of the new digital communal aerial system will be recovered through their service charge.

#### **13. Service Financial Comments**

13.1 The project cost estimate is detailed in the exempt information Appendix A (attached) and will be funded from TV & Digital Aerials within the Mechanical & Electrical Services Budget.

#### **14. Use of appendices /Tables and photographs**

14.1 Appendix A – Exempt Information

#### **15. Local Government (Access to Information) Act 1985**

15.1 The background papers relating to this project are:

- Procurement Committee Approval Frameworks contract to replace communal analogue TV aerial to an Integrated Reception System (IRS) Report – 27<sup>th</sup> October 2009

This and other documents can be obtained from Ronke Adetunji – Project Manager on 0208 489 1203.

15.2 This report contains exempt and non exempt information. Exempt information is contained in Appendix A of this report and is NOT FOR PUBLICATION. The exempt information is under the following category (identified in the amended Schedule 12A of the Local Government Act 1972): Information relating to the financial or business affairs of any particular person (including the authority holding that information).