

## **Report to the Cabinet**

**Report reference:** C-023-2008/09  
**Date of meeting:** 1 September 2008



**Epping Forest  
District Council**

**Portfolio:** Housing.

**Subject:** Acceptance of Tenders – Digital Upgrading of Communal TV Aerial Distribution Systems.

**Responsible Officer:** Haydn Thorpe (01992–564162).

**Democratic Services Officer:** Gary Woodhall (01992–564470).

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### **Recommendations/Decisions Required:**

- (1) That the tender submitted by SCC International Ltd (Switchsure) for the Digital Upgrading of Communal TV Aerial Distribution Systems be accepted in the corrected sum of £111,072.50 for the first-year of a three-year contract, estimated at £236,000 in total, be accepted as the lowest received;
- (2) That the contract be designated as a serial contract under Contract Standing Order C11 to facilitate the annual increase in the schedule of rates in accordance with DTI Building Cost Indices; and
- (3) That a fully Integrated Reception System (IRS), allowing residents access to all digital and satellite stations (subject to individual subscriptions where applicable) be installed rather than a 'Freeview' only system as agreed by the Cabinet at its meeting in April 2005.

### **Executive Summary:**

The Digital Upgrading of Communal TV Aerial Distribution Systems programme has been tendered in accordance with Contract Standing Orders. However, the tender was based on a full Integrated Reception System (IRS) rather than a "Freeview" only system, which was previously agreed by the Cabinet at its meeting in April 2005. Whilst this represents a departure from a previous Cabinet decision, the service provided through this tender is far superior service to advances in technology.

### **Reasons for Proposed Decision:**

- (i) The Government plans to switch off analogue broadcasting by 2012. The switchover to digital broadcasting will be phased in, TV region by TV region. The London region, which is where all properties in the Epping Forest District sit, is due to switch over from analogue to digital in the last phase in 2012.
- (ii) The existing analogue communal aerial distribution systems associated with the Roundhills, Parklands, Ninefields and Springfields estates are at the end of their design life, indeed the system failure rate is now significant and system rectification is hampered by the inability to procure replacement equipment manufactured in the 1960's. Delaying the implementation of the digital upgrade beyond 2008/09 could result in a catastrophic failure of

the existing analogue distribution system, resulting in a significant number of tenants and leaseholders being unable to view television.

(iii) All house/bungalow occupants are able to erect their own satellite dish on their property, whereas only one resident in a block of flats is able to erect a satellite dish without planning permission. The Cabinet has already resolved that the digital upgrade not undertaken for Council tenants and private occupiers of houses and bungalows on the estates.

#### **Other Options for Action:**

(i) To re-tender the contract on an annual basis. However, this would be time consuming and an inefficient method of procurement, which could also lead to inconsistency in the product and quality. Re-tendering would not guarantee more competitive tenders.

(ii) Undertaking the Digital Upgrading of Communal TV Aerial Distribution Systems programme on an ad-hoc basis by raising individual orders for the work. However, this would not generate the cost savings associated with economies of scale and would breach Contract Standing Order C12.

(iii) To re-tender based on a "Freeview" system only. However, this would not provide as good a service, and may result in having to go back and upgrade again in the future to allow satellite TV.

#### **Report:**

##### Background

1. In April 2005, a report was presented to the Cabinet advising of the Government's intention to withdraw the analogue frequencies used for the distribution of terrestrial television channels during 2010 to 2012 and the report explored the options available to the Council for the digital conversion.

2. The Cabinet, at that time recommended that tenanted and owner-occupied houses and bungalows on the estates not be upgraded to digital service, as they are able to have a digital aerial installed within the existing planning consents available. The report also went on to recommend that the existing analogue systems on the estates not be maintained after the digital system has been installed, and that residents of houses and bungalows be advised to purchase and erect their own television aerial by April 2007 for when the analogue system first fails after the digital system for flats/maisonettes has been introduced.

3. The cost of the digital conversion based on a full IRS (at 2001 prices) was estimated at £414,000, and due to the complexity of the project it was considered appropriate to undertake an IRS pilot study prior to inviting tenders for the main contract. The IRS pilot digital conversion was undertaken during 2000 at Read Court and Tillingham Court, and on the Ninefields Estate in Waltham Abbey. Although the pilot was successful, the outturn cost of £320 per point was higher than anticipated, with the total cost of conversion across the District being approximately £1.8m.

4. The Cabinet therefore recommended "Freeview" as the preferred digital upgrade solution. However, this would result in a more limited freedom of choice, in terms of the range of television channels tenants will be able to access, compared to the more expensive IRS system (which would cost at least double to provide at that time). A further consideration, therefore, is the extent to which limiting choice will result in social exclusion, as a digital IRS system offers access to a range of services and information, not just television programmes.

## Upgrading

5. Due to advances in technology since the report submitted to the Cabinet in April 2005 the cost of installing a full IRS on domestic properties has reduced considerably. A recent IRS installation project managed by the Housing Directorate on four Council blocks located in Queensway, Ongar was installed two year ago, at a cost per point rate of £123. This is a 61.5% reduction in the cost per point rate reported to the Cabinet in April 2005.

6. In view of the Cabinet's original desire to install full IRS, which was later changed to Freeview (mainly due to the high costs) tenders have been sought based on IRS rather than Freeview only due to the significant advances in technology and price reductions since the Cabinet decision in 2005.

## Tender process

7. In accordance with Contract Standing Orders, tenders have been sought from five contractors for the digital upgrading of communal TV distribution systems. It was a condition of the tendering process that the contractors are members of the Confederation of Aerial Industries, and who are able to carry out this type of work.

8. The contract, initially for a period of one-year, is renewable annually up to a maximum of 3-years, subject to the contractor's performance and quality of workmanship.

9. The tenders for the Digital Upgrading of Communal TV Aerial Distribution Systems Contract 1489 were returned on the 11 July 2008 and opened by the Housing Portfolio Holder on the 14 July 2008. The results of the tender opening were as follows:

	<b>Contractor</b>	<b>Tender Sum £</b>
1	SCC International Ltd (Switchsure)	216,112.50
2	Cable Television Services Ltd	188,615.50
3	CDI Services	151,265.62
4	Blick TV Distribution Systems	Did not return
5	Countryside Communications	Did not return

10. A tender analysis has been undertaken, which shows that the tenders submitted by Cable Television Services and CDI Services have not been completed in full. While the tenders were arithmetical correct, errors occurred in the ongoing maintenance cost calculations. With agreement with the relevant tenderers, and in accordance with Contract Standing Orders, when corrected, the results of the tendering process are as follows:

	<b>Contractor</b>	<b>Tender Sum £</b>
1	SCC International Ltd (Switchsure)	216,112.50
2	Cable Television Services Ltd	303,457.96
3	CDI Services	270,001.14
4	Blick TV Distribution Systems	Did not return
5	Countryside Communications	Did not return

11. SCC International Ltd (Switchsure) has complied fully with the tender process.

12. The tender was based on a schedule of rates, Phase 1 of the works at Ninefields, Waltham Abbey and annual maintenance costs to arrive at a tender sum for evaluation and

comparison purposes.

13. It is recommended that SCC International Ltd (Switchsure) be awarded the Digital Upgrading of Communal TV Aerial Distribution Systems Contract 1489, on an annual basis for up to a maximum of 3-years, for the tender sum of £216,112.50, being the lowest tender received. This will complete the digital TV upgrade works to all blocks of flats currently connected to the communal TV aerial network in Waltham Abbey.

14. It should be noted that when the contract is extended beyond the first year, all tendered schedule of rate items are to be increased annually in line with the appropriate DTI Building Cost Indices. Therefore, it is estimated that the overall contract value will be in the region of £236,000.

**Resource Implications:**

£236,000 from the existing capital programme.

**Legal and Governance Implications:**

Housing Act 1985.

**Safer, Cleaner and Greener Implications:**

None.

**Consultation Undertaken:**

None.

**Background Papers:**

Tender analyses and report 1389.

**Impact Assessments:**

An Equalities Impact Assessment is not necessary.

The main risk to the Council is that SCC International Ltd (Switchsure Ltd), experience financial difficulties and goes into liquidation. However, this risk has been mitigated by the procurement of the works through the JCT Measured Term Contract 2008 where individual works orders raised and payment for the works is only due after the works have been completed.

Another potential risk to the Council is poor workmanship leading to an unsafe installation, which could result in an injury or fatality. This risk to the Council is mitigated by the Quality Control inspections carried out by Council Officers.