

HOUSING CABINET MEMBER MEETING

Agenda Item 45

Brighton & Hove City Council

Subject:	TV Aerial Installations		
Date of Meeting:	10 September 2008		
Report of:	Director of Adult social care and Housing		
Contact Officer:	Name:	Peter Matthews	Tel: 29-3370
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Key Decision:	Yes	Forward Plan No. HSG 3272	
Wards Affected:	All		

FOR GENERAL RELEASE

1. SUMMARY AND POLICY CONTEXT:

- 1.1 To seek approval of the Housing Cabinet Member to tender for a 20 year leasing contract to supply and maintain new digital IRS aerial system to all HRA blocks with existing communal aerials and to give delegated authority to the Director of Adult Social Care & Housing to award said contract.

2. RECOMMENDATIONS:

- 2.1 That the Cabinet Member for Housing approve the recommendation to tender for a 20 year citywide contract to lease and maintain an IRS (integrated reception system) digital aerial systems with a secondary system for foreign language channels for all HRA blocks with existing communal aerial systems.
- 2.2 That the Director of Adult Social Care & Housing be given delegated powers under CSO 9.1 to approve the award of the contract for the such a system, following financial due diligence and cost comparisons of the tenders offered under an OJEU tendering process, following consultation with the Cabinet Member for Housing.

3. RELEVANT BACKGROUND INFORMATION/CHRONOLOGY OF KEY EVENTS:

- 3.1 The UK's old television broadcast signal (known as "analogue") is being switched off and replaced with a "digital" signal. Any TV set not converted to digital when the 'switchover' takes place will no longer receive TV programmes. The current analogue transmitters will be turned off across the UK region by region with the south east, including Brighton, changing over in 2012.

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- 3.2 Presently all the council's high rise blocks of flats and 284 medium blocks have analogue communal TV aerial systems. All are considered to be in poor condition. There are also 165 medium blocks without an existing communal TV system. Some blocks have had their analogue system upgraded to a digital terrestrial television or MATV (Master Antenna TV). This allows residents access to free view channels only. There are currently no maintenance contracts in place for any of these systems.
- 3.3 The government's strategy is to use the digital switchover to deal with the following;
- Diversity - through the provision of foreign language channels and maximising choice.
 - Equality – Through maximising resident choice by ensuring residents have access to all the channels they want
 - 'Satellite rash' – removal of unsightly satellite aerials from blocks.
- 3.4 There are a number of very different Switchover solutions currently available in the UK market;
- MATV (Master Antenna TV)
 - SMATV (Satellite MATV)
 - IRS (Integrated Reception System)
 - IPTV (Internet Protocol Television)

See background document for a full description of each.

4. CONSULTATION

- 4.1 A tenants' workshop was undertaken in March 2008 with Frances Kneller of Digital TV, who gave a presentation on the reasons for the switchover, what the government aims were, the options available and how it would affect residents. This was followed by a discussion on the options and the effect on the business plan.
- 4.2 Three subsequent presentations were given to residents of Mursan, Hampshire Court and Leach Court residents' associations all of which were followed by a discussion on the options to provide digital TV and the likely costs and effect on the business plan.

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5. FINANCIAL & OTHER IMPLICATIONS:

Financial Implications:

- 5.1 The HRA 30 year Business Plan allows for the costs of leasing a new digital TV aerial system for all HRA blocks with existing communal aerial systems to be met through service charges to tenants in those blocks.

There will be a further report to Housing Management Consultative Committee and Housing Cabinet in November to provide financial implications of the costs and proposed service charges to tenants relating to the digital aerial system.

Finance Officer Consulted: Susie Allen

Date: 15/08/08

Legal Implications:

- 5.2 The report refers to a contract for works and services (installation and maintenance). In such 'mixed' contracts, the lower EU procurement threshold is applied, and the estimated costs of this contract exceed the threshold for services (currently £138k). As a result, the contract must be advertised and awarded in accordance with the relevant EU Directive and UK Regulations. The procedure outlined in this report complies with these requirements. In addition, contracts in excess of £75,000 must be sent to Legal for sealing. The Council is obliged to take the rights of individuals under the Human Rights Act into account when considering any such issues, but the recommendations contained in this report are unlikely to breach any such rights.

Lawyer Consulted: Alison Leitch

Date: 14 August 2008

Equalities Implications:

- 5.3 An equalities impact assessment will be completed by the winning contractor prior to commencement on site, as this is subject to their chosen method of access.
- 5.4 The inclusion of 'the secondary satellite system allows access to foreign language channels and meets the council's equality and diversity policy.
- 5.5 Bidders will be asked to provide details of apprenticeship schemes and their plans for tackling worklessness as part of the tender documentation. This will be weighted and evaluated as part of the scoring matrix.

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Sustainability Implications:

- 5.6 The specifications will require contractors to submit a sustainability impact statement on the contractor's proposals to reduce waste, recycling, and the reduction in CO2 emissions for this project.
- 5.7 Bidders will be asked about development of local office to manage contract and this will be weighted and evaluated as part of the scoring matrix.

Crime & Disorder Implications:

- 5.8 No Crime and disorder implications. In some cases it is possible to link CCTV to the digital systems

Risk and Opportunity Management Implications:

- 5.9 While the council has no legal responsibility to provide any communal aerial service the Government is looking to public landlords to set an example for other private landlords in the area of social responsibility to ensure no resident fails to know or miss the switchover to digital.
- 5.10 Failure to replace/upgrade the councils existing communal analogue aerial system will leave residents without access to a digital system from 2012 and will result in adverse publicity for the council.

Corporate / Citywide Implications:

- 5.11 This proposal supports the aim of the council to provide maximum choice to the residents of its own housing stock and gives a lead to other landlords across the city regarding the opportunities afforded by digital switchover.

6. EVALUATION OF ANY ALTERNATIVE OPTION(S):

Install MATV system to all blocks with a maintenance agreement:

- 6.1 This would give access to Freeview only, giving no choice for other channels or foreign language channels unless residents installed either a satellite dish or Cable TV. The cost of this is estimated at £1.4m (excluding maintenance) and includes recabling as the existing wiring is in a poor condition.
- 6.2 The cost of providing a simple MATV system on a four year programme to all blocks of flats is as follows

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	Medium/low rise	High rise	Total
Total	£298,000	£331,000	£629,000

- 6.3 These costs would need to be depreciated over 20 years reducing the council's capital outlay enabling us to maximise the council's capital budgets. These costs do not include any annual service contract which would need to be added to the depreciation to calculate the annual service charge.

Install IRS to all blocks with a maintenance agreement:

- 6.4 While this gives full choice of channels it excludes any diversity by not giving access to foreign language channels. See appendix A for estimated costs.

Install IRS with secondary system for foreign language channels to all blocks with a maintenance agreement:

- 6.5 This meets the government's and the council's criteria. However, as with all options above the capital outlay has not been allowed for in the business plan. See Appendix A for estimated costs

Lease an IRS with secondary system for 10 or 15 years.

- 6.6 Similar to the recommended option but lease for only 10 years. The reason for recommending 20 year is that it allows the leasing company to spread their risk over the life of the installation enabling them to give lower annual costs. Retendering after 10 years could give the benefit of the remaining 10 years life of the equipment to others. See appendix A for estimated cost comparison.

Capital depreciation

- 6.7 In addition to looking at leasing the systems the council have also looked at the possibility of installing the capital part of the all options and then depreciating the cost of the installation over the life of the system, the setting up of a sinking fund to cover the cost of replacing the system in 20 years time. The disadvantage of this is the need for a capital outlay up front and risk of future proofing is covered by the council.

Other options

- 6.8 There are two further options open to the council: the first is Cable (IPTV). Unfortunately, unless Virgin have 75% of residents in a specific block signed up to its' services they will not install it. This is a subscription service (pay for view) and would require the council to ask individuals on low incomes to pay for the basic service.

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6.9 The second further option is 'broadband'. This is suitable for individuals [not sure what this means] but would require everybody in a block to have access via a computer. This is the long term option but presently the infrastructure is missing and it is pay for view at present.

7. REASONS FOR REPORT RECOMMENDATIONS

7.1 The only system that meets all the government criteria at present is to provide an integrated reception system (IRS) with a secondary system for foreign language channels. This has the advantage of access to all channels and interactive services, including dual feed recordable satellite signals, e.g. Sky plus, HD and foreign language channels.

7.2 One alternative to the high capital outlay and to help balance the business plan is to lease the Digital IRS system over 20 years with the cost, which includes maintenance and technology upgrades for the life of the lease, passed to residents as a service charge. This would be little different from the council installing the system and depreciating over time, other than the fact that a leasing company would manage all maintenance calls through a partnership with the council.

The table below sets out the capital outlay against the leasing option - 20 years based on an IRS with secondary system and dual feed recordable satellite signals, e.g. sky plus. See Appendix A for alternatives

	Capital Cost	Optional Maintenance	20y lease pa
Medium/low rise with existing systems	723,020	45,760	£40
High Rise blocks	797,571	39,408	£52
All medium/low rise blocks	1,520,591	85,168	£46

7.3 The costs of adaptation/ conversion, upgrading or replacing the infrastructure of a communal aerial system that supports free-to-view channels and satellite services are deemed Housing Benefit eligible where levied as a service charge (Schedule 1, paragraph 1(a) (iii)).

7.4 Landlords should ensure that the money received from tenants who receive Housing Benefit should contribute this to the upgrade of their communal aerial system and be shown separately in the service charge schedule.

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- 7.5 Paragraph 1(a)(iii) of schedule 2 in the Housing Benefit Regulations were amended in April 2007 to ensure that Housing Benefit service charges relating to the relay of Freeview channels via communal aerial systems continue to be eligible for Housing Benefit. (See JSA Regs, Sch 2, para 16(1)(b); IS (Gen) Regs, Sch 3, para 17(1)(b); SPC Regs, Sch II, para 13(1)(b).)
- 7.6 There is no benefit available to assist with any rental or purchase of television equipment, nor for subscription charges or license fee payments. It is the intention that Housing Benefits contribute to a service charge or an increase in service charges and therefore cover the maintenance of the communal aerial system but not the initial capital cost.
- 7.7 It would not be appropriate for Housing Benefits to cover the costs of additional pay to view channels i.e. over and above the free-to-view channels that are accessible via digital TV through an aerial (Freeview) or satellite. Additional subscriptions to pay for TV services should be treated in the same way as licence and rental fees. This includes all cable and broadband services.

For more information visit the Department for Work and Pensions website:
<http://www.dwp.gov.uk/publications/dwp/dmg/memletrs/m-10-07.pdf>

- 7.8 Consultation with residents to date has shown that should the charges be within the estimated levels of £40-45 per annum, it would be an acceptable cost for maximising choice in the TV viewed and to have a maintenance service that responds quickly to breakdowns, freeing the capital outlay needed for other capital works.

SUPPORTING DOCUMENTATION

Appendices:

1. Appendix A; Estimated leasing costs over 10, 15 and 20 years for standard IRS system with dual feed recordable satellite signal, e.g. Sky plus and IRS system with additional secondary channels, against capital cost with annual service contract

Documents in Members' Rooms

- 1 .None

Background Documents

1. Report Detailing alternative Digital TV systems and their advantages and disadvantages. Copies available form Legal & Democratic Services

APPENDIX A - Estimated leasing costs over 10, 15 and 20 years for standard IRS system with Sky plus and IRS system with additional secondary channels, against capital cost with annual service contract

STANDARD IRS FULLY WIRED SYSTEM FOR DUAL FEED RECORDABLE SATELLITE SIGNAL

	Number of Homes	Capital Purchase	Maintenance Per annum	10 year Lease	15 year Lease	20 year Lease	10 years	15 years	20 years
				inc maintenance cost per annum	inc maintenance cost per annum	inc maintenance cost per annum	Cost per annum	Cost per annum	Cost per annum
L/R	2,860	557,638	34,320	133,833	111,528	89,222	£47	£39	£31
H/R	2,463	642,374	29,556	154,170	128,475	102,780	£63	£52	£42
Total	5,323	1,200,012	63,876	288,003	240,003	192,002	£54	£45	£36

IRS WITH SECONDARY SYSTEM FOR FOREIGN LANGUAGE CHANNELS FULLY WIRED FOR FEED RECORDABLE SATELLITE SIGNAL

	Number of Homes	Capital Purchase	Maintenance Per annum	10 year Lease	15 year Lease	20 year Lease	10 years	15 years	20 years
				inc maintenance cost per annum	inc maintenance cost per annum	inc maintenance cost per annum	Cost per annum	Cost per annum	Cost per annum
L/R	2,860	723,020	45,760	173,525	144,604	115,683	£61	£51	£40
H/R	2,463	797,571	39,408	191,417	159,514	127,611	£78	£65	£52
Total	5,323	1,520,591	85,168	364,942	304,118	243,294	£69	£57	£46