

ABERDEEN CITY COUNCIL

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| COMMITTEE | Housing and Environment |
| DATE | 25 May 2010 |
| DIRECTOR | Pete Leonard |
| TITLE OF REPORT | Housing Capital and Revenue Programmes 2010/11 |
| REPORT NUMBER: | H&E/10/079 |

1. PURPOSE OF REPORT

This report has been submitted to request that

- a) appropriate authorisation be given to the Director of Housing and Environment in terms of tendering and letting the Gas Central Heating replacement framework.
- b) approval be given to the estimated expenditure from the Housing Capital and Revenue budgets set out in Appendices A and B to this report, and
- c) authorisation be given to the Director of Housing and Environment to carry out the appropriate procedures to procure these works in conjunction with the Convener or Vice Convener of the Housing and Environment committee.

2. RECOMMENDATION(S)

It is recommended that committee:

- a) authorise the Director for Housing and Environment to carry out a European Procurement to appoint one or more contractors for the Gas Central Heating replacement framework; and
- b) approve the estimated expenditure from the Housing Capital and Housing Revenue Expenditure budgets set out in Appendices A and B to this report, and
- c) authorise the Director of Housing and Environment to carry out the appropriate procedures to procure these works in conjunction with the Convener or Vice Convener of the Housing and Environment committee.

3. FINANCIAL IMPLICATIONS

The Housing Capital programme will be managed within the capital framework as set out in the Prudential Code, subject to the revenue budgeting process. The funding of the programme derives from several sources that include:

- Possible grants from the Scottish Government (i.e. new build),
- Revenue contributions from the Housing revenue Account, and
- External funding (i.e. Energy Efficiency Commitment (EEC) funding from energy suppliers).

The Housing Repairs programme is financed entirely from the Housing Revenue Account.

4. SERVICE & COMMUNITY IMPACT

The City Council will operate within overall financial constraints taking into account recommended accounting practice and policies.

The programme aims to treat every tenant equally on the basis that replacement programmes are determined by the life cycle costing and prioritising on the basis of stock condition and sustainability of the estates.

Specifically within the Single Outcome Agreement there is a need to enhance the quality of housing and environment for individuals and the community. Furthermore within the Council's Vibrant Dynamic and Forward Looking policy document there is a commitment to increase the speed of the modernisation programme and adherence to the Scottish Housing Quality Standard.

5. OTHER IMPLICATIONS

The Housing Capital Programme provides the catalyst to deliver many of the objectives in the Housing Business Plan. Failure to adequately maintain and improve the Council's housing stock may lead to the Council breaching Health & Safety regulations, poorer housing conditions in Aberdeen, and resulting in lower demand. Failure to deliver an effective programme will lead to tenant dissatisfaction.

The Housing Repairs element of the Housing Revenue Account is a statutory requirement and failure to comply could result in subsequent action against the Council for not fulfilling its legal obligation.

6. REPORT

On 11 February 2010 Council approved the sums set out in the Housing Capital and Revenue Expenditure budget for 2010/11 and indicative sums for 2011-2013. A copy of the budgets has been attached at Appendix A and B.

Gas Central Heating Replacement Programme

Work has been ongoing in preparation for the appointment of contractors to participate in the Council's multi supplier framework for the replacement of gas

central heating systems within the Council's housing stock. It is proposed that the contract will be let for a period of up to three years. Continuation of the contract will be at the Council's discretion at the end of each year. This will give the Council the ability to review its budgetary commitments and the value of works it can afford annually under the contract.

The indicative value of this work currently set out in the Housing Capital Expenditure budget over the next three years is £14.55 million.

Given this figure it will be necessary for the successful contractors to be appointed under a full EU procurement process. The estimated programme for procurement is as follows:

| Date | Action |
|---------------|--|
| 4th May | Publish Contract Notice |
| 7th June | Pre Tender Questionnaire returned |
| 21st June | Issue Invitation to Tender |
| 3rd August | Tenders returned |
| 4th August | Tenders opened |
| 9th August | Evaluation commences |
| 25th August | Advise Successful/Unsuccessful tenderers |
| 9th September | End of Standstill Period |
| 4th October | Anticipated Contract Commencement |

To ensure that this programme remains on track it is proposed that committee approve the proposed expenditure subject to estimated budget and give authorisation for the Director for Housing and Environment to carry out a European Procurement to appoint up to three contractors to carry out the works.

Works under the Housing Capital and Revenue Budgets.

The range of works and services procured under the Housing Capital Programme are diverse and complex. These can range from relatively simple works, such as door replacement, to large multi trade frameworks such as the modernisation programme, or programmes which require specialist consultants and contractors like the multi storey structural repairs contracts.

In order for these budgets to be expended it is necessary for the Director of Housing and Environment to let tenders for the works and services covered by the various budget headings in a timely fashion.

Tenders for the Housing Capital and Housing Revenue Programmes are received virtually on a weekly basis. Gaining approval for each and every individual tender would impact adversely on the progress of budget expenditure by delaying acceptance of the preferred contractor..

To avoid this it is proposed that the members of the committee instruct that all sums shown against the various headings in appendices A and B be regarded as estimated expenditure for the works and services required under these headings

in the 2010/11 financial year. The headings where works or services would be tendered have been indicated with an asterisk on each appendix.

It is also proposed that the committee authorises the Director of Housing and Environment, in conjunction with the Convener and Vice Convener of this committee, to procure those works and services to expend both the Housing Capital and Repairs budgets, approved by Council on 11 February 2010.

Budget Monitoring

In order to ensure that the committee is kept informed of the progress on expenditure within the Housing Capital Expenditure budget the Director of Housing and Environment and the Head of Finance will continue to submit a joint update report on the budget position to each committee cycle. These reports will detail any amendments to the budget amounts when appropriate.

In terms of the Housing Repairs element of the Housing Revenue Account, an internal report is issued regularly for budget monitoring purposes. The report details the following information:

Actual Spend
Commitment Cost
Projected Spend

This allows the Director of Housing and Environment and Head of Finance to ensure that this budget is being managed and monitored appropriately.

7. REPORT AUTHOR DETAILS

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8. BACKGROUND PAPERS

Report on the Draft Housing Revenue and Housing Capital Budget 2010/11 to 2012/13 submitted to the Council Budget Meeting of 11 February 2010