

Leicester
City Council

**CABINET
LEADERS BRIEFING**

**25th FEBRUARY 2002
4th FEBRUARY 2002**

**NEW MACHINERY FOR IMPROVED
WINDOW PRODUCTION**

REPORT OF THE DIRECTOR OF HOUSING

1. SUMMARY

- 1.1 This report seeks approval to purchase new machinery to further automate the production of uPVC windows. The acquisition of the new machinery will increase production by 50% from circa 20,000 to 30,000 units per annum. It would also allow the current programme, assuming an annual investment of £8m per year, to be complete within 5½ years, around 1½ years less than originally anticipated.
- 1.2 However, given the additional capacity available by automating the production run, it is now recommended that “Timber Plas” and aluminium windows should be formally added to the end of the programme. This proposal, if adopted, will allow the new programme, including “Timber Plas” and aluminium windows, to be completed within the original 7 years timescale and achieve overall savings of around £1.6million (after paying for the new machinery), when compared to the cost of the existing programme.

2. RECOMMENDATIONS

- 2.1 It is recommended that:-
- i) the new window production machinery is purchased;
 - ii) single glazed “Timber Plas” and aluminium windows are added to the end of the overall programme;

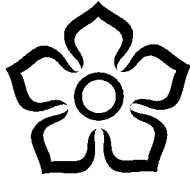
3. FINANCIAL IMPLICATIONS

- 3.1 The cost of purchasing the new machinery is c£700k, and provision for this was built into the Housing Capital Programme 2002/3, which was approved by Cabinet and Council last month. It is anticipated that the new machine will have a residual value, of at least £70k, at the end of the programme.

A cost benefit analysis of the proposal, to move to fully automating the window manufacturing process, shows that purchasing the machine will not only pay for itself over the life of the programme, but deliver a £1.6m saving overall. In addition, within the resources available, it will allow single glazed 'Timber Plas' and aluminium windows to be included at the end of the window replacement programme without adding to the overall approved timescale, ie to be completed by 2007/8.

4. **REPORT AUTHOR**

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Leicester
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CABINET

25 February 2002

NEW MACHINERY FOR IMPROVED WINDOW PRODUCTION

SUPPORTING INFORMATION

1. BACKGROUND

- 1.1 At its inception the Window Factory in 1998 was set up to produce in the region of 11,000 units per annum, 230 units per week. The programme included for the replacement of old rusty metal and rotting wooden windows over a 13 year period.
- 1.2 Since April 2001 the production, by the introduction of a second shift, has risen to 20,000 units per annum or 416 per week, an increase of almost 81%. This has had the effect of improving delivery of the original programme by 6 years, ie from 13 to 7 years.
- 1.3 The opportunity has now arisen that by an investment of around £700,000 in new automated machinery, it will be possible to increase production to 30,000 windows per annum or 625 units per week, a further increase of 50%. This, if no other windows were added to the programme would see the time to complete the programme reduced by a further 1½ years to 5½ years.
- 1.4 The automation of the production line will, in essence, allow more windows/doors to be made whilst using the same number of operatives that are already employed in the factory. In addition, within the original 7 year timescale there is the capacity to include those "Timber Plas" and aluminium windows that are currently single glazed and outside the programme, but will require replacement by 2010 if the Council is to meet the Government's decency and home energy standards.
- 1.5 As a result, it is proposed that the Council includes all single glazed "Timber Plas" and aluminium windows at the end of the current programme, which will have the effect of bringing the overall timescale back up to 7 years but allowing more windows to be completed within the time set. This increase in production, due to the automation of the factory, will also reduce the cost of the total

window/door replacement programme by about £1.6 million (**after** allowing for the purchase of the machinery) and the life of the programme.

- 1.6 Should the revised programme be approved then the number of operatives required to fit the increased number of windows/doors will need to rise by 20 people. It is proposed that this is achieved by a mixture of operatives currently employed by the DSO being reskilled and the increased use of sub contractors, as required.
- 1.7 Should the proposal be approved then a target date of 1st October 2002, will be set for its introduction. However, the actual date will be determined by the need for a 6 month lead in time from the placing of the order for the machinery to the going live.
- 1.8 As the estimated cost of the machinery exceeds the European threshold for purchase of equipment, then tenders will need to be sought in compliance with EU Procurement Regulations and the necessary process followed.
- 1.9 The overall reduced timescale for completing the window/door replacement programme will bring early benefits of increased thermal comfort, reduced heating bills and reduced fear of crime in tenants homes, by the increased security provided.

3. LEGAL IMPLICATIONS

- 3.1 This report deals with two new supply exercises, firstly for a new machine and secondly for the supply of doors for the replacement programme.
- 3.2 In connection with the new machine the Director may wish to use the “negotiated” EU procurement procedure (i.e., negotiation directly with the only known supplier of machinery to the existing technical specification) if due to the need for the new machine to be compatible with the existing production mechanisms and products. The Director will have in mind whether, if advertised on a generic basis, any different type of machine will, if installed, result in disproportionate technical difficulties, for example which could result in slightly different window make-up.
- 3.3. The Director also has in mind a number of supply contracts which are coming to the end of their advertised terms (with or without extension). For the same reasons as given above and for reasons connected with intellectual property/patent rights the Director may be limited in the supply base for plastics.
- 3.3 The contract for ironmongery has the option for another year extension (in accordance with the contract period initially advertised) and the opportunity could be taken here to investigate the market to see what suppliers and products are available.
- 3.4 All these contracts are above the new EU thresholds for procurement of supplies.

OTHER IMPLICATIONS	YES/NO	Paragraph Within Supporting information	References information
Equal Opportunities	no		
Policy	yes	1.4	
Sustainable and Environmental	yes	1.8	
Crime and Disorder	yes	1.8	
Human Rights Act	no		
Elderly/People on Low Income	yes	1.8	

4. **BACKGROUND PAPERS – LOCAL GOVERNMENT ACT 1972**

Housing Committee – 3rd February 1998

Cabinet Report - 25th June 2001

Housing Department Files

5. **CONSULTATIONS**

5.1 Consultations have taken place with the Town Clerk and Corporate Resources Department (Legal Services)

5.2 The relevant Trade Unions

6. **REPORT AUTHOR**

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