

**HOUSING INVESTMENT GUIDANCE NOTE**

The Scottish  
Government

**To: All Registered Social Landlords (RSLs) and Local Authorities**

**Subject: HAG Tender Return and Council House Building Tender Return**

**Issued by: Housing Investment Division**

**Ref No: HIGN 2009/10**

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**Issued: August 2009**

This Guidance Note

- Explains the **HAG Tender Return** and **Council House Building Tender Return** forms for new build housing,
- Updates and supersedes Guidance Note HIGN 2008/07,
- Supplements Guidance Note HIGN 2008/06 New Indicative Costs, and,
- Contains, in the attached excel workbooks, the latest updates for the Housing Tender Price Index (HTPI) and Location Factors.

The HAG Tender Return came into effect from April 2008, and the Council House Building Tender Return from August 2009.

- RSLs should complete this for all future grant submissions at Tender Stage (or equivalent) made to Housing Investment Division (HID) or the relevant local authority responsible for managing development funding.
- Councils should complete this for all grant-assisted Council House building projects, in accordance with our standard conditions of grant approval. Returns in all cases should be made to the local HID office. Where grant covers more than one project in different locations then separate returns should be made for each project.

We amended procedures to take account of the changing procurement methods and practices now used by RSLs. This expanded system of data-capture will produce the new Scottish Social Housing Tender Price Index (SSHTPI) which will replace the existing HTPI for Scotland.

As the SSHTPI requires very similar data to the NIC system, the two systems were combined to keep bureaucracy to a minimum.

Please note that the NIC system remains unchanged; at Acquisition and/or Cost Plan stage, RSLs should continue to use the NIC On Line and at Tender Stage RSLs and Councils should use the HAG/Council House Building Tender Return for all projects (unless there is a unique aspect which prevents you from completing this).

If you are unable to complete this return or if you have any other questions about this Guidance Note, you should contact the Grant Provider (HID) or the relevant local authority responsible for managing development funding).

This guidance is accessible on the Scottish Government website under <http://www.scotland.gov.uk/Topics/Built-Environment/Housing/investment/guidancenotes>

## Introduction

To date, the Housing Tender Price Index HTPI has been the principal means of monitoring the pricing levels of contractors' tenders for new social housing projects in Scotland. The Construction Advice and Policy Division (CAPD) of the Scottish Government produces this index. The process requires a steady flow of firm, priced bills of quantities from traditionally procured projects. However, in recent years, an increasing number of social housing projects have been procured using design and build or other innovative procurement approaches. As a result, there has been a steady reduction in the size of the quarterly sample used to generate the index (see also below).

When a similar situation occurred in England and Wales some years ago, the Building Cost Information Service (BCIS) devised a methodology for DTI (now BERR) which did not rely solely on priced bills of quantities. This approach - known as the Tender Price Index for Social Housing (TPISH) - has been used successfully for some time.

CAPD and Communities Scotland, working closely with Scottish Federation of Housing Associations, commissioned BCIS to investigate the feasibility of adapting the TPISH methodology for use in Scotland. The result is the SSHTPI.

## Implementation

The SSHTPI is crucial to a number of processes and systems used by the Scottish Government (SG). Of particular note to RSLs and their consultants is that the Index plays a key role in the NIC system that allows SG to analyse and approve new housing projects.

In addition SG needs numerous other types of information to properly inform all aspects of policy and implementation of funding systems. This means that a large, reliable database is required.

**All new build subsidised housing projects therefore require to be analysed at Tender stage in future; and the HAG TENDER RETURN or COUNCIL HOUSE BUILDING TENDER RETURN is now a requirement for all projects which receive SG funding.**

We expect there will be a very small number of projects where some particularly unique aspect will mean you cannot complete the HAG/COUNCIL HOUSE BUILDING TENDER RETURN. If you think your project may fall into this category, please contact the Grant Provider for clarification.

To simplify and assist the process as much as possible, we have incorporated the additional data requirements into the NIC On Line system, although you will find the HAG/Council House Building Tender Return looks quite different. Testing has indicated that the HAG /Council House Building Tender Return only takes approximately 15 - 30 minutes longer to complete than the NIC On Line system.

### **Bills of Quantities**

Priced bills of quantities from traditionally procured projects are still required in order to supplement the SSHTPI. Therefore, please continue to submit the successful tenderer's priced BQs directly to CAPD: -

Ann Peffers  
Construction Advice and Policy Division  
Scottish Government  
Area 3-G (Dockside)  
Victoria Quay  
EDINBURGH  
EH6 6QQ

These documents are handled in the strictest confidence and the data which is abstracted is completely anonymised.

### **Completing the HAG/COUNCIL HOUSE BUILDING TENDER RETURN**

Excel workbooks have been developed to operate the system and are available at

[HAG Tender Return.xls](#)

Or

[Council House Building Tender Return.xls](#)

The workbooks contain the necessary instructions to facilitate completion of the form.

If you have an exceptionally large, or complex project which exceeds the capacity of the workbook, or if you need advice on the use of the NIC system for units larger than 7 persons please contact Stuart Nicol, Investment Co-ordinator, East Region, Tel 0131 479 5295, e-mail:

<mailto:stuart.nicol@scotland.gsi.gov.uk>