

Report title: Street Lighting Maintenance and Installation Contract

Wards affected: Citywide

Strategic Director: Barra Mac Ruairi / Strategic Director Place

Report Author: Adam Crowther / Traffic Signals and Street Lighting Manager

RECOMMENDATION for the Mayor's approval:

- 1. Approve extension of existing contract to April 2016 with possible three month extension to July 2016 if required**
- 2. Approve procurement of new Street Lighting Maintenance and Installation Contract**
- 3. Approve delegation of contract approval decision to Strategic director for Place – Barra Mac Ruairi**

The existing street lighting contract expired in August 2015. It has been extended to January 2016 but requires cabinet approval to extend to April 2016 due to the value exceeding £500k. Due to current workloads it may be necessary to extend to July 2016 if the contract is not procured in time for an April start. In addition approval is sought to procure a new maintenance and installation contract.

Key background / detail:

a. Purpose of report:

The existing street lighting contract expired in August 2015. It has been extended to January 2016 but requires cabinet approval to extend to April 2016 due to the value exceeding £500k. Due to current workloads it may be necessary to extend to July 2016 if the contract is not procured in time for an April start. In addition approval is sought to procure a new maintenance and installation contract.

nsert text

b. The proposal:

1. Procurement of the new contract was delayed as consideration was given to including the contract as part of a larger contract as part of the new Operations Centre, however this was later deemed of little benefit due to a lack of synergy with other elements.

2. The duration of the new contract is proposed to be 6 years with two optional three year extensions. This offers the opportunity for a long term investment on behalf of the contractor and enables a strong relationship to be built between the council and the

contractor. Street lighting, like traffic signals, can generally only support one main contractor in the area hence the long contract length to compensate for the high early set-up costs. The contract duration links the contract to the recently procured WoEITS traffic signals contract which may enable the contracts to be tendered together in future. If the contract is extended to its full length, the retendering process will begin just before the Mayoral election of 2028 enabling the newly elected mayor to have input into the procurement strategy and the final decision as to what type of contract is required.

3.The contract will be a performance contract centred on the delivery of outcomes based on council key drivers as opposed to the traditional proscriptive input based contract. This puts the onus on the contractor to determine the best way to deliver the required outcomes in the most efficient manner. The performance element and contract reviews enable the standard of service to be altered in agreement with the contractor during the contract.

4.The contract covers both maintenance and installation to increase the value to the contractor and allow for ease of delivery of new schemes. It is anticipated that in turn, the council will receive better value for money. The contractor will also be responsible for the maintenance of all newly installed equipment which ensures the initial installation is carried out to the correct standard.

5.The contract value is expected to be approximately £1.5M a year. This is made up of both revenue and capital expenditure. Current revenue expenditure is £0.9M per year. Capital is made up of internal capital funded schemes and externally funded works such as Metrobus and developer schemes.

6.Under the current contract all maintenance works are priced individually. This creates a high level of confidence in and control over the works being carried out, but also creates a high degree of unnecessary admin work and makes analysis of maintenance costs very difficult. Under the new contract the majority of standard maintenance will be covered by an annual maintenance fee, with additional more complex works covered under a schedule of rates. This will enable the cost of maintaining different types of equipment to be taken into account for future business cases, such as LED lantern installations.

7.The energy used by street lighting is a significant chunk of the council's total energy consumption. A recent white light project reduced this energy usage by over 45% - approximately 10% of the council's energy usage down from 20%. Energy is procured separately to this contract, however the form of contract will enhance our ability to demonstrate the benefits of new technologies, as the reduced cost of maintaining LED lamps to gas lamps can be captured. A long-term approach to future energy saving, moving gradually from gas lanterns to LED lanterns will enable the latest developments in technology to be adopted as they come to market, with major energy/maintenance saving projects limited to those with appropriately low payback times. Lantern costs will be incorporated in the contract but in as flexible a manner as possible to ensure that new, more energy efficient lanterns are available as they come to market at competitive rates.

**BRISTOL CITY COUNCIL
CABINET
24 NOVEMBER 2015**

REPORT TITLE: Street Lighting Maintenance and Installation Contract

Ward(s) affected by this report: All

Strategic Director: Barra Mac Ruairi / Strategic Director Place

Report author: Adam Crowther / Traffic Signals and Street Lighting Manager

**Contact telephone no. ex36854
& e-mail address: adam.crowther@bristol.gov.uk**

Purpose of the report:

The existing street lighting contract expired in August 2015. It has been extended to January 2016 but requires cabinet approval to extend to April 2016 due to the value exceeding £500k. Due to current workloads it may be necessary to extend to July 2016 if the contract is not procured in time for an April start. In addition approval is sought to procure a new maintenance and installation contract.

RECOMMENDATION for the Mayor's approval:

- 1. Approve extension of existing contract to April 2016 with possible three month extension to July 2016 if required**
- 2. Approve procurement of new Street Lighting Maintenance and Installation Contract**
- 3. Approve delegation of contract approval decision to Strategic Director for Place – Barra Mac Ruairi**

The proposal:

1. Procurement of the new contract was delayed as consideration was given to including the contract as part of a larger contract as part of the new Operations Centre, however this was later deemed of little benefit due to a lack of synergy with other elements.

2. The duration of the new contract is proposed to be 6 years with two optional three year extensions. This offers the opportunity for a long term investment on behalf of the contractor and enables a strong relationship to be built between the council and the contractor. Street lighting, like traffic signals, can generally only support one main contractor in the area hence the long contract length to compensate for the high early set-up costs. The contract duration links the contract to the recently procured WoEITS traffic

signals contract which may enable the contracts to be tendered together in future. If the contract is extended to its full length, the retendering process will begin just before the Mayoral election of 2028 enabling the newly elected mayor to have input into the procurement strategy and the final decision as to what type of contract is required.

3.The contract will be a performance contract centred on the delivery of outcomes based on council key drivers as opposed to the traditional proscriptive input based contract. This puts the onus on the contractor to determine the best way to deliver the required outcomes in the most efficient manner. The performance element and contract reviews enable the standard of service to be altered in agreement with the contractor during the contract.

4.The contract covers both maintenance and installation to increase the value to the contractor and allow for ease of delivery of new schemes. It is anticipated that in turn, the council will receive better value for money. The contractor will also be responsible for the maintenance of all newly installed equipment which ensures the initial installation is carried out to the correct standard.

5.The contract value is expected to be approximately £1.5M a year. This is made up of both revenue and capital expenditure. Current revenue expenditure is £0.9M per year. Capital is made up of internal capital funded schemes and externally funded works such as Metrobus and developer schemes.

6.Under the current contract all maintenance works are priced individually. This creates a high level of confidence in and control over the works being carried out, but also creates a high degree of unnecessary admin work and makes analysis of maintenance costs very difficult. Under the new contract the majority of standard maintenance will be covered by an annual maintenance fee, with additional more complex works covered under a schedule of rates. This will enable the cost of maintaining different types of equipment to be taken into account for future business cases, such as LED lantern installations.

7.The energy used by street lighting is a significant chunk of the council's total energy consumption. A recent white light project reduced this energy usage by over 45% - approximately 10% of the council's energy usage down from 20%. Energy is procured separately to this contract, however the form of contract will enhance our ability to demonstrate the benefits of new technologies, as the reduced cost of maintaining LED lamps to gas lamps can be captured. A long-term approach to future energy saving, moving gradually from gas lanterns to LED lanterns will enable the latest developments in technology to be adopted as they come to market, with major energy/maintenance saving projects limited to those with appropriately low payback times. Lantern costs will be incorporated in the contract but in as flexible a manner as possible to ensure that new, more energy efficient lanterns are available as they come to market at competitive rates.

Consultation and scrutiny input:

- a. **Internal consultation: None, essentially business as usual**
Insert details
- b. **External consultation: None, as above**

Other options considered:

The council requires a suitable contract to maintain its lighting infrastructure so there is no viable alternative other than to procure a new contract. The form of contract was chosen based on previous, recent experience with the WoEITS traffic signals contract and knowledge of other recently tendered street lighting contracts. There is not enough street lighting work in Bristol to support two main contractors, so installation work is included as part of the contract.

Risk management / assessment:

FIGURE 1							
The risks associated with the implementation of the (subject) decision :							
No.	RISK Threat to achievement of the key objectives of the report	INHERENT RISK (Before controls)		RISK CONTROL MEASURES Mitigation (ie controls) and Evaluation (ie effectiveness of mitigation).	CURRENT RISK (After controls)		RISK OWNER
		Impact	Probability		Impact	Probability	
1	Failure to procure contract in appropriate timescale resulting in challenge	High	Medium	Appropriate resource procured and allotted to contract	High	Low	Adam Crowther
2	Extension of existing contract may create challenge from competitor	Medium	Low	Appropriate legal and procurement advice sought, risk of challenge mitigated by starting procurement process asap	Low	Low	Adam Crowther
3	Revenue costs could be too high if quality level required is set too high	Medium	Medium	Availability percentage allows variety of performance levels for different costs	Medium	Low	Adam Crowther

FIGURE 2							
The risks associated with <u>not</u> implementing the (subject) decision:							
No.	RISK Threat to achievement of the key objectives of the report	INHERENT RISK (Before controls)		RISK CONTROL MEASURES Mitigation (ie controls) and Evaluation (ie effectiveness of mitigation).	CURRENT RISK (After controls)		RISK OWNER
		Impact	Probability		Impact	Probability	
1	Potential challenge from competitor if contract not retendered	Medium	High	Procure contract	Medium	Low	Adam Crowther
2	Existing contract out of date, reduces efficiency, if retained will hold back future energy saving proposals and limit ability to deliver schemes	Medium	High	Procure contract	Medium	Low	Adam Crowther

Public sector equality duties:

Before making a decision, section 149 of the Equality Act 2010 requires that each decision-maker considers the need to promote equality for persons with the following “protected characteristics”: age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex, sexual orientation. Each decision-maker must, therefore, have due regard to the need to:

i) eliminate discrimination, harassment, victimisation and any other conduct prohibited under the Equality Act 2010.

ii) advance equality of opportunity between persons who share a relevant protected characteristic and those do not share it. This involves having due regard, in particular, to the need to:

- ***remove or minimise disadvantage suffered by persons who share a relevant protected characteristic.***
- ***take steps to meet the needs of persons who share a relevant protected characteristic that are different from the needs of people who do not share it (in relation to disabled people, this includes, in particular, steps to take account of disabled persons' disabilities);***
- ***encourage persons who share a protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low.***
- iii) foster good relations between persons who share a relevant protected characteristic and those who do not share it. This involves having due regard, in particular, to the need to tackle prejudice and promote understanding.***

Street lighting is a key element of the city's infrastructure and enables less able and vulnerable residents to move around the city at night in relative safety. This is particularly important for those with visual and physical impairments. The energy saving measures already taken enabled Bristol to reduce its street lighting energy usage whilst not switching off any street lights. The contract does not have a direct bearing on the energy price, but it will enable better analysis of costs and therefore indicate the full savings realisable by the introduction of LED lanterns and promote energy saving without the need for switching off street lights.

Eco impact assessment

The effect of the proposal is positive as the introduction of LED's will use less energy to operate and will therefore contribute to reducing the city's carbon emissions. Lower maintenance LED's will also enable financial savings from less travel with associated reductions in pollution, congestion and emissions in the city. Negative impacts associated with contract delivery include disposal of waste and the use of vehicles, though these are likely to be reduced in comparison with current arrangements. These issues will be addressed and mitigated through the procurement process.

Resource and legal implications:

Finance

a. Financial (revenue) implications:

There is no additional revenue requirement for the proposal. The performance based contract proposal would increase the effectiveness of the delivery of the outcomes required. This will also introduce a level of flexibility to review the standard of service during the contract period which in turn delivers better value for money for the Council.

The introduction of LED street lighting results in recurrent revenue savings for the Council which forms a part of the MTFs saving plans. The roll out of the schemes will take into account the ongoing development of the technology and cash availability.

Advice given by Tian Ze Hao – Finance Business Partner
Date 12/11/2015

b. Financial (capital) implications:

Capital is made up of corporate capital funded schemes and project funded capital such as Metrobus. The service will take into account the capital replacement costs further down the line when rolling out the LED lantern installations to ensure the appropriate planning for capital asset replacement programmes.

Advice given by Tian Ze Hao – Finance Business Partner
Date 12/11/2015

Comments from the Corporate Capital Programme Board:

N/A

c. Legal implications:

Due to the potential tie in with the Operations Centre, a decision on the tendering of this contract was deferred. Now that it has been decided that the contract will not be amalgamated, an EU compliant tender process should be initiated without delay in order to mitigate the risk of a challenge that could arise in the event of continued direct awards to the incumbent.

Advice given by Eric Andrews, Solicitor
Date 8/10/15

d. Land / property implications:

No impact

e. Human resources implications:

No impact

Appendices:

Eco Impact Assessment

Access to information (background papers):

None

APPENDIX

Eco Impact Checklist

Title of report: Street Lighting Maintenance and Installation Contract				
Report author: Adam Crowther				
Anticipated date of key decision 24th November 2015				
Summary of proposals: Existing contract extension and approval to procure new maintenance and installation contract enabling LED lantern installation and associated carbon and financial benefits. Contract valued at £1.5m pa.				
Will the proposal impact on...	Yes/No	+ive or -ive	If Yes...	
			Briefly describe impact	Briefly describe Mitigation measures
Emission of Climate Changing Gases?	Yes	+ve	Will enable delivery of LED lanterns, reducing carbon emissions in the medium term and contributing to corporate and citywide reduction targets.	
Bristol's resilience to the effects of climate change?	No			
Consumption of non-renewable resources?	Yes	-ive	Manufacture will involve use of non-renewable resources	LED's last longer so fewer bulbs will need to be procured and require reduced maintenance over current lighting.
		+ve	Travel around city for lighting maintenance will use fuel Reduced electricity consumption compared with current arrangements	Contractor to ensure they use route planning and eco driver training and that their vehicles are of a high eco standard.
Production, recycling or disposal of waste	Yes	-ive	Disposal of obsolete lighting and ancillary equipment	Disposal to use Waste Hierarchy. Contractor to provide evidence of Duty of Care.
The appearance of the city?	No		LED's likely to have similar colour	

			appearance to existing white lights.	
Pollution to land, water, or air?	Yes	+ve	Vehicles used for servicing lights emit pollutants detrimental to local air quality	Considered as part of the procurement process.
Wildlife and habitats?	No			
Consulted with: Steve Ransom Claire Craner-Buckley Environmental Performance Team, Energy Service				
Summary of impacts and Mitigation - <u>to go into the main Cabinet/ Council Report</u>				
<p>The effect of the proposal is positive as the introduction of LED's will use less energy to operate and will therefore contribute to reducing the city's carbon emissions. Lower maintenance LED's will also enable financial savings from less travel with associated reductions in pollution, congestion and emissions in the city. Negative impacts associated with contract delivery include disposal of waste and the use of vehicles, though these are likely to be reduced in comparison with current arrangements. These issues will be addressed and mitigated through the procurement process.</p>				
Checklist completed by:				
Name:			Adam Crowther	
Dept.:			Transport/Traffic/Signals and Street Lighting	
Extension:			36854	
Date:			08/10/2015	
Verified by Environmental Performance Team			Steve Ransom/Claire Craner-Buckley 20/10/15	