

HAMPSHIRE COUNTY COUNCIL

Decision Report

Decision Maker:	Executive Member for Environment and Transport
Date:	19 September 2017
Title:	Street Lighting Private Finance Initiative Contract Variations
Report From:	Director of Economy, Transport and Environment

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1. Executive Summary

- 1.1. The purpose of this paper is to seek approval to extend the period of electrical testing for illuminated street furniture from six to eight years, saving £75,000 per annum.
- 1.2. This paper
 - sets out the background to the request;
 - considers the finance for the project and the impact on the Street Lighting financial model, and;
 - reviews the relevant legislative and contractual change requirements.

2. Contextual information

- 2.1. In December 2009 the County Council entered into a Private Finance Initiative (PFI) with Tay Valley Lighting (Hampshire) Ltd. The contract commenced on 1 April, 2010 and expires on 31 March, 2035.
- 2.2. The contract consists of a 25 year programme of routine and reactive maintenance, with an initial five year “Core Investment Programme” (CIP), during which all the Council’s illuminated street furniture (street lights, illuminated traffic signs etc) were either renewed or upgraded. As a result, all illuminated street furniture installed during the CIP is less than 8 years old.
- 2.3. In October 2014 an Operational Savings Review of the Street Lighting PFI contract was initiated. The review was undertaken jointly by Council Officers, the PFI Service Provider, Tay Valley Lighting (Hampshire) Ltd, and their Operating Sub-Contractor, SSE Contracting. The brief from the DfT was to examine all areas of the Contract and identify where potential for greater efficiency or costs reductions might be achieved.
- 2.4. This process identified four key areas with the potential to reduce the annual cost of the contract (known as the annual Unitary Charge):
 - LED solutions for city centres, principal routes and residential roads;

- Amended routine maintenance regimes;
 - De-illumination of traffic signs and mains powered traffic bollards, and;
 - Dimming or part night switching of traffic routes, city centres and residential roads.
- 2.5. During the course of the contract mains powered illuminated traffic bollards were converted to solar power and de-accrued from the PFI contract.
- 2.6. The contract initially required that all street lights were dimmed by 25% of full power from midnight to 5 a.m. Over time this initial regime has been adjusted as the need for energy savings, and Carbon Dioxide reductions, have increased.
- 2.7. The result of the dimming changes, together with the installation of more energy efficient equipment, has been a reduction in energy consumption of 56% since April, 2010.
- 2.8. Revision of routine maintenance activity is now proposed in line with the 2014 Operational Savings Review.

Table 1, below, shows the current frequency of routine maintenance activities.

Lighting Group	Clean	Visual Inspection	Electrical Test	Lamp change
Town Centres & Principal Roads	2	2	6	4
Residential Roads	2	2	6	2
High Masts	2	2	6	4
Subways	1	1	6	1
Illuminated Signs & bollards	2	2	6	2

Table 1 – Routine Maintenance Frequencies (years)

- 2.9 It is specifically proposed to revise electrical testing of illuminated street furniture to increase the interval between electrical testing from six to eight years.

3. Performance

- 3.1. Permitting an extension of electrical testing from six to eight years will reduce the number of test inspections by a quarter over the remainder of the PFI Contract.
- 3.2. The increased electrical testing interval will not affect performance, or safety. This is because the asset is relatively new and is subject to regular

inspections. There is scope to vary the interval later as the equipment ages, should a subsequent assessment recommend this.

- 3.3. All apparatus is still visited every two years (Table 1) for visual inspection and cleaning.

4. Finance

- 4.1. The Service Provider reports an extension to the period of electrical testing would save £75,000 per annum (£1.35million over the remainder of the PFI contract). These savings have been calculated by SSE Contracting based on the reduction in testing frequency multiplied by the hourly rate for a qualified electrician and vehicle.

5. Contractual Changes

- 5.1. From a contractual perspective this change will require both an adjustment to the financial model's Base Case (to account for the adjustment to the annual Unitary Charge) and a contractual change to implement the arrangements.

6. Other Key Issues

- 6.1. Public safety lies at the core of maintenance activities, and the recommended changes will continue to meet the requirements of Health & Safety legislation and good industry practice as listed below:
 - The Electricity at Work Regulations 1989
 - BS 7671 Requirements for Electrical Installations (formerly known as the IEE Wiring Regulations)
 - The Institution of Engineering & Technology Guidance Note 3: Inspection and Testing,
- 6.2. Legislation supports a risk based approach for inspection of electrical installations. At present all equipment installed during the CIP is less than eight years old and in good condition. As that condition deteriorates an ongoing risk assessment of electrical testing periods may result in an increase in testing frequency to ensure public safety is maintained.

7. Recommendations

- 7.1. That the period of electrical testing for illuminated street furniture, as maintained under the Street Lighting Private Finance Initiative, be extended from six to eight years.
- 7.2. That the necessary changes to the contract documentation be approved.

CORPORATE OR LEGAL INFORMATION:**Links to the Corporate Strategy**

Hampshire maintains strong and sustainable economic growth and prosperity:	no
People in Hampshire live safe, healthy and independent lives:	yes
People in Hampshire enjoy a rich and diverse environment:	yes
People in Hampshire enjoy being part of strong, inclusive communities:	no

Other Significant Links

Links to previous Member decisions:		
<u>None</u>	<u>Reference</u>	<u>Date</u>
Direct links to specific legislation or Government Directives		
<u>The Electricity at Work Regulations 1989</u> <u>BS 7671 Requirements for Electrical Installations</u>		<u>Date</u>

Section 100 D - Local Government Act 1972 - background documents

The following documents discuss facts or matters on which this report, or an important part of it, is based and have been relied upon to a material extent in the preparation of this report. (NB: the list excludes published works and any documents which disclose exempt or confidential information as defined in the Act.)

DocumentLocation

None

IMPACT ASSESSMENTS:

1. Equality Duty

1.1. The County Council has a duty under Section 149 of the Equality Act 2010 ('the Act') to have due regard in the exercise of its functions to the need to:

- Eliminate discrimination, harassment and victimisation and any other conduct prohibited under the Act;
- Advance equality of opportunity between persons who share a relevant protected characteristic (age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, gender and sexual orientation) and those who do not share it;
- Foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

Due regard in this context involves having due regard in particular to:

- a) The need to remove or minimise disadvantages suffered by persons sharing a relevant characteristic connected to that characteristic;
- b) Take steps to meet the needs of persons sharing a relevant protected characteristic different from the needs of persons who do not share it;
- c) Encourage persons sharing a relevant protected characteristic to participate in public life or in any other activity which participation by such persons is disproportionately low.

1.2. Equalities Impact Assessment:

It is considered that there will be neutral impact on groups with protected characteristics as the changes to the maintenance regime will have no impact on service users.

2. Impact on Crime and Disorder:

2.1 The proposed changes will have no impact upon crime and disorder.

3. Climate Change:

- a) How does what is being proposed impact on our carbon footprint / energy consumption?
- b) How does what is being proposed consider the need to adapt to climate change, and be resilient to its longer term impacts?

The proposed changes will result in a reduction in contractual operations, and vehicle usage resulting in fewer vehicle emissions.