

CABINET ITEM COVERING SHEET PROFORMA

AGENDA ITEM

REPORT TO CABINET

13 MARCH 2014

**REPORT OF CORPORATE
MANAGEMENT TEAM**

CABINET DECISION

Regeneration and Transport – Lead Cabinet Member – Councillor Mike Smith

STREET LIGHTING – INVEST TO SAVE UPDATE

1. Summary

The Medium Term Financial Plan (MTFP) reflects a significant reduction in Government Funding over recent years, and provides the Council with a significant financial challenge. In order to tackle this challenge there are three big ticket items to consider where reductions can be made, one of which is Waste and Energy. As part of this process in October 2013 Cabinet approved the principle of invest to save in the Councils street lighting stock by way of the option which replaced all existing lanterns with Light Emitting Diodes (LED) and replacement of all columns over 25 years old.

In addition this project will assist in contributing towards one of the key ambitions in the Environment and Housing theme of tackling climate change and assisting the Council in reaching the commitment to achieve a 21% reduction in carbon emissions by 2020. LED lighting contains no toxic materials and is 100% recyclable, and could potentially assist in reducing the carbon footprint by up to one third. Also the long operational life time span means LED can save material thus helping towards a 'greener' future.

2. Recommendations

1. Cabinet note the outcome of the independent appraisal report undertaken reviewing the initial work undertaken on both the technical and financial models respectively to ascertain both the energy and maintenance savings.
2. Cabinet approve the work programme which sets out on a ward by ward basis how the street lighting project will be delivered.
3. Cabinet note the procurement processes currently being undertaken in respect of the lanterns, columns and design facility respectively.

3. Reasons for the Recommendations/Decision(s)

To enable the procurement process to continue and design work to commence on those wards highlighted at the front end of the associated work programme.

4. Members' Interests

Members (including co-opted Members) should consider whether they have a personal interest in any item, as defined in **paragraphs 9 and 11** of the Council's code of conduct and, if so, declare the existence and nature of that interest in accordance with and/or taking account of **paragraphs 12 - 17** of the code.

Where a Member regards him/herself as having a personal interest, as described in **paragraph 16** of the code, in any business of the Council he/she must then, **in accordance with paragraph 18** of the code, consider whether that interest is one which a member of the public, with knowledge of the relevant facts, would reasonably regard as so significant that it is likely to prejudice the Member's judgement of the public interest and the business:-

- affects the members financial position or the financial position of a person or body described in **paragraph 17** of the code, or
- relates to the determining of any approval, consent, licence, permission or registration in relation to the member or any person or body described in **paragraph 17** of the code.

A Member with a personal interest, as described in **paragraph 18** of the code, may attend the meeting but must not take part in the consideration and voting upon the relevant item of business. However, a member with such an interest may make representations, answer questions or give evidence relating to that business before the business is considered or voted on, provided the public are also allowed to attend the meeting for the same purpose whether under a statutory right or otherwise (**paragraph 19** of the code)

Members may participate in any discussion and vote on a matter in which they have an interest, as described in **paragraph 18** of the code, where that interest relates to functions of the Council detailed in **paragraph 20** of the code.

Disclosable Pecuniary Interests

It is a criminal offence for a member to participate in any discussion or vote on a matter in which he/she has a disclosable pecuniary interest (and where an appropriate dispensation has not been granted) **paragraph 21** of the code.

Members are required to comply with any procedural rule adopted by the Council which requires a member to leave the meeting room whilst the meeting is discussing a matter in which that member has a disclosable pecuniary interest (**paragraph 22** of the code)

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SUMMARY

Cabinet agreed in November 2013 to the principle of mass replacement of all street lighting lanterns to a light emitting diode (LED), together with the replacement of approximately 8500 of the Boroughs oldest lamp columns. Subsequently, full Council approved the investment as part of the MTFP at its special meeting in February. This report sets out the proposed programme of work which is proposed to be delivered on a ward by ward basis. It also summarises the outcome of the independent appraisal that has been undertaken in order to quantify and support the financial and technical findings previously made by Officers. Finally, an overview is given on the different procurement processes that are being undertaken on the various elements of the project.

RECOMMENDATIONS

1. Cabinet note the outcome of the independent due diligence appraisal report undertaken, which supports the investment strategy to ascertain both the energy and maintenance savings.
2. Cabinet approve the work programme which sets out on a ward by ward basis how the project will be delivered over the three year installation phase.
3. Cabinet note the procurement processes currently being undertaken in respect of the lanterns, columns and design facility.

DETAIL

Background

Work Programme

- 1 There is a significant amount of work involved in replacing approximately 27,000 lanterns, in addition to circa 8,500 of the Borough's older lighting columns. It will still be necessary to involve at least one external organisation despite the decision recently being made to bring the street lighting service 'in-house' and to ensure its undertaken with minimum inconvenience to residents and road users it is imperative that a robust work programme is co-ordinated.
- 2 As a result the Council will be embarking on a significant communications programme to support the fact that nearly every house in the borough will physically see the benefits of this investment. Dedicated customer service resources are being identified to ensure that the community facing presence is as visual as possible. A comprehensive branding of

vehicles, signing and direct customer engagement will be a very prominent feature of this scheme throughout the investment period.

- 3 A pragmatic assessment demonstrated that the age of the existing columns within each Ward should be the primary factor in formulating the work programme, in particular those with the greatest percentage over 40 years old. This will ensure the Wards with the oldest and most rapidly deteriorating columns being targeted for both column and lantern replacement first. A detailed list of the programme can be seen at **Appendix A**.

Procurement

- 4 As part of this project there are three formal procurement processes that have to be undertaken for the lanterns, columns and the design element. With each element being worth a different monetary value they are all being progressed via a different procurement path, which is detailed briefly below.

(i) Lanterns

A full Official Journal of the European Union (OJEU) open tender for a framework agreement for the supply of lanterns accessible for call off over a period of up to 4 years. The tender process will include stringent minimum quality standards to ensure the supply of energy efficient, reliable lanterns and acceptable delivery scheduling. The framework agreement will be split into lots to reflect the various lighting classes, street widths and lighting spacing to maximise design efficiency with three or four suppliers per lot. Further competitions will be run under the framework for each year's supply to access refreshed pricing in a dynamic market that predicts LED prices to fall.

(ii) Columns

There is currently a national framework agreement already in place and it has been deemed that this would be the most appropriate and efficient process for Stockton to follow. Suppliers on the framework agreement have already demonstrated satisfactory quality and therefore the further competition will focus on price and will include an e-auction process to maximise value for money and acceptable delivery scheduling.

(iii) Street Lighting Design

A quotation process inviting a minimum of 4 companies, of which 2 will be locally based, to submit quotes for a street lighting design service. This is required to supplement the in-house resource due to the volume of work over the duration of the project.

Street Lighting Connections

- 5 Connections are traditionally undertaken by Northern Power Grid (NPG) who are responsible for the cabling and other apparatus. They are also regulated by Ofgem in relation to a pricing structure. Alternative options are still being investigated to ascertain whether there are alternatives to using NPG at a lower price, whilst still maintaining a quality service, that doesn't detrimentally impact on the programme or performance.

Financial/Technical Appraisal

- 6 To provide a sound basis for both energy and maintenance savings attributed with the implementation of LED's a business case which was developed by East Dunbartonshire Council Street Lighting and Finance Teams, Scottish Futures Trust and Ove Arup was

utilised. The objective of the business case was to assess the energy saving potential of various technology measures against the existing infrastructure, including LED's and their ability to deliver efficiencies that benefit Stockton Borough Council (SBC) in the long term and results in an acceptable payback on the initial investment. The indicative energy and maintenance savings highlighted indicated future savings of approximately £1.8 million based on projected electricity costs and this formed the basis of the October 2013 Cabinet Report for the Invest to Save opportunity.

- 7 To quantify the figures produced from utilising the above business case an independent review was commissioned to quantify the level of expenditure and savings highlighted respectively. A piece of work was undertaken and it concluded that the findings indicated that the model had accurately predicted both the energy and maintenance savings accordingly, and with the caveat that the assumptions were robust.

FINANCIAL IMPLICATIONS

- 8 As previously stated the project will require funding of approximately £14,000,000, which will include up-front costs and associated equipment, including necessary vehicles. Upon completion of the 3-year programme the predicted annual savings from reduced energy and maintenance is approximately £1,800,000 per annum against projected future expenditure, which results in an 8-year payback period.

LEGAL IMPLICATIONS

- 9 None.

RISK ASSESSMENT

- 10 This report is categorised as low risk.

SUSTAINABLE COMMUNITY STRATEGY IMPLICATIONS

- 11 This scheme will assist in contributing towards one of the key ambitions in the Environment and Housing theme of tackling climate change and assisting the Council in reaching the commitment to achieve a 21% reduction in carbon emissions by 2020. LED lighting contains no toxic materials and is 100% recyclable, and could potentially assist in reducing the carbon footprint by up to one third. In addition the long operational life time span means LED can save material thus helping towards a 'greener' future.
- 12 LED lighting would also assist in the theme of safer communities and the ambition of reduced crime and fear of crime, as white light helps people feel safer and more secure. Through superior colour rendering and a higher perceived brightness, it makes it easier to distinguish objects, colours, shapes and other details. In particular facial recognition is easier, even from a distance, which goes a long way towards removing anxiety. White light also gives the most even illumination with no intimidating areas of shadow.

EQUALITY IMPACT ASSESSMENT

- 13 None.

CONSULTATION INCLUDING WARD/COUNCILLORS

- 14 Subject to Cabinet agreeing the programme of works it will be necessary to fully inform all members of the intended works within their respective wards. A detailed communication plan has been formulated to ensure members, residents and other appropriate stakeholders are kept up to date on progress with key messages.

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Education related

No

Background Papers

None.

Ward(s) and Ward Councillors:

All

Appendix A

Column Age Profile November 2013

Parish No.	Parish	Under 40	Over 40	Totals	% of Col over 40 years	Order based on % of Col over 40 years
21	Roseworth	387	395	782	51%	1
18	Norton South	624	279	903	31%	2
25	Western Parishes	354	149	503	30%	3
5	Billingham West	506	186	692	27%	4
11	Hartburn	507	167	674	25%	5
14	Mandale & Victoria	1205	320	1525	21%	6
4	Billingham South	999	248	1247	20%	7
23	Stockton Town Centre	1521	357	1878	19%	8
24	Village	668	132	800	17%	9
2	Billingham East	788	154	942	16%	10
26	Yarm	1332	237	1569	15%	11
17	Norton North	718	120	838	14%	12
22	Stainsby Hill	1021	173	1194	14%	13
9	Grangefield	652	96	748	13%	14
15	Newtown	771	115	886	13%	15
20	Parkfield & Oxbridge	819	126	945	13%	16
1	Billingham Central	621	73	694	11%	17
7	Eaglescliffe	1200	154	1354	11%	18
10	Hardwick	819	86	905	10%	19
3	Billingham North	1168	100	1268	8%	20
8	Fairfield	598	38	636	6%	21
6	Bishopsgarth & Elm Tree	967	41	1008	4%	22
16	Northern Parishes	785	22	807	3%	23
19	Norton West	768	6	774	1%	24
13	Ingleby Barwick West	1579	0	1579	0%	25
12	Ingleby Barwick East	1667	0	1667	0%	26
TOTALS		23044	3699	26743		