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Decision Report - Non-Key Decision

Decision Date - 21/12/21



NON-KEY DECISION TAKEN BY THE DIRECTOR FOR ECONOMIC AND COMMUNITY INFRASTRUCTURE COMMISSIONING

Author Contact Details: Peter Lowry, Highways Asset Commissioning Officer,
07971 658531

Details of the decision:

That the Director of Economic and Community Infrastructure Commissioning:

- Authorises commencement of a procurement process and market engagement activity to replace the current Highway Lighting Term Maintenance contract by April 2024.

Reasons for the decision:

Somerset County Council's existing highway lighting term maintenance contract is due to end on 31st March 2024. The contract started in 2012 and allowed for up to 48 months of extension, all of which will have been taken. The Council is now seeking to procure a new contract.

Therefore, under the terms of the contract the existing Lighting TMC is due to finish on the 31st of March 2024 and a new contract or set of contracts will need to be in place on the 1st of April 2024 to ensure that the Council can continue to deliver essential lighting maintenance services.

Background to the decision:

Background

Scottish and Southern Electric (SSE) now Enevo was awarded current the Lighting Term Maintenance contract which commenced in April 2012 following a competitive procurement process. The Authority has responsibility to carry out installation, maintenance and replacement of lighting and associated infrastructure on the Highways network.

The current contract commenced 01 Apr 2012 for a period of 8 years (96 months) with options to extend for a further 4 years (48 months) – with the extension options taken the expiry of the current is 31 Mar 2024. The total value of the contract is £14.4m with an estimated annual spend by the Authority of £1.8m.

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A replacement contract will be required to enable delivery of the same/similar works and services to commence from 01 Apr 2024.

The Authority estimates and annual spend in the range of £1.5 million - £2 million. The total estimated value of the contract may be up to £40-£50 million depending upon district highway lighting assets.

The Authority has applied for DFT funding to update its aging asset estate but to date has been unsuccessful. Should the Authority be successful in securing further funding then it will need a mechanism to quickly and cost effectively purchase a potentially large value of works. It is envisaged that if there is any additional funding the work will be delivered through this contract.

Somerset County Council manages 57,277 illuminated units; this includes streetlights on columns and illuminated bollards. Currently 32,685 of our illuminated assets have been converted to LEDs. This is 57% of the total number of streetlights managed by SCC. Each LED lamp provides a better quality of white-light illumination for road users along with a 57% energy saving compared to the equivalent SON lamp that would have been previously used. They also provide a maintenance saving as LEDs lamps can be burnt to failure, with an expected life of potentially up to 20 years, rather than having to be replaced every 3-4 years compared with SON lamps.

The majority of these 32,685 LEDs have been installed in the past 5 years, with 18,000 having been installed through an enhanced capital investment programme.

A further 3,441 streetlights have been converted to Phillip's CosmoPolis lamps, with a dimming regime applied. These are also white-light lamps but are conventional SON lamps rather than LEDs. They provide an energy saving of approx. 50% compared with a conventional SON lamp, are cheaper to install per unit than a LED, but they have higher lifetime maintenance costs than a LED (as they are still SON lamps). They are a suitable option for older columns that lack the structural strength to bear a LED lamp and that have less than a decade of life left before requiring replacement.

For the remaining 24,592 streetlights that have not had LEDs installed yet the intention is that they will be converted either when additional capital becomes available or at the point where the unit requires a full replacement. The existing SCC policy is that where new streetlights are adopted as part of a new development or scheme, they are required to be LED lamps rather than SON.

The majority of the remaining SON lamps are now on older, life expired columns that will all be replaced within the next 12 years based on current forecasts. The profile of these remaining streetlights are typically lower lumen output, lower wattage, on older columns and located on estate roads or minor roads.

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The lower wattage diminishes the scope of the feasible energy saving through adopting an LED. Being installed on older columns also means a whole column replacement would be necessary to install an LED, due to weight bearing and structural issues on older columns, and space within the column cavity for new components. Most lamps replaced so far have been on newer columns, with high wattage, high lumen lamps and therefore the greatest potential for energy savings.

Through the programme to convert 18,000 street lighting to LEDs it was predicted that £490K would be saved and this has been realised. However, energy prices have also increased across the past 4 years. Therefore, annual revenue spend on energy for street lighting has remained relatively constant over the past 4 years at £2.4 million per year. Without the investment in LEDs this revenue spend would have been approximately 30% higher, in the region of £3 million per year.

Financial, legal and business risk implications.

The total value of the current contract is £14.4 million between 01 April 2012 and 31 March 2020. The current annual spend through the contract is £1.52m; this is both capital and revenue, with revenue spend standing at £970K, and capital capital £550K.

It is anticipated that the total spend through the next contract over a proposed 10-year contract period could be up to £40-£50 million. This figure is comprised of up to £30 million for existing SCC assets and potentially a further £20 million if the current District lighting assets are also maintained through this contract.

A further £2.4 million of revenue funding Per year is used to cover the authority's energy consumption costs. That budget is not spent through the street lighting maintenance contract.

At current contract prices the Council would need a further £20 million investment to replace all its remaining aging stock of columns and convert them to new columns with LEDs.

The proposed procurement process will be largely delivered using the staff resources available within the highways commissioning function, highways operations and the commercial and procurement. Financial provision for external legal advice will need to be funded from highways operations, existing contracts form a sound basis to evolve a new set of contract documentation. As it is anticipated that standard Council terms and conditions will be used to supplement the standard contract, it is not anticipated that there will be a significant cost to the procurement process. The actual cost will be confirmed at an early stage in the project.

The opportunity will be advertised at the Level through the publication of an FTS Contact Notice and a notice in Contracts Finder.

As part of local government reform (LGR) Somerset County Council and the four District Councils will combine to form a unitary council in 2023. The effect on the scope of the

contract resulting from the creation of the Unitary Council is at present unknown. A project is being initiated to manage the procurement process. The project will set out and manage the activities needed to be addressed before we go to market. One of these activities is to assess the likely number of street lighting assets and their condition, currently with the Districts that could be managed through this contract. The assessment will need to identify the number of assets to be maintained as well as those that could be converted to LED's as part of SCC and the Districts climate change emergency commitment to be carbon neutral by 2030. This work is due to commence once the decision to start the procurement process has been taken.

As well as the reduced energy consumption of the lamp, LEDs have the benefit of a much longer operational life before they need to be replaced. An LED stock also has the advantage that it can be flexibly and remotely operated through a central management system (CMS) to control when and where lamps are on, off or dimmed, which would enable further energy savings to be achieved. Cosmopolis gear trays also have the capability to incorporate a CMS.

Legal

Somerset County Council is the Highways Authority for Somerset. The key legislation that covers the delivery of highways services and the responsibilities of a Highways Authority are the Highways Act (1984), and the New Roads and Street Works Act (1991).

Section 41 of the Highways Act (1980) states that "the authority who are for the time being the highway authority for a highway maintainable at the public expense are under a duty to maintain the highway". This duty extends to maintaining installed and adopted street lighting on the highway network to a safe standard.

On procurement matters, Somerset County Council is required to follow procurement law and regulations, the Public Contracts Regulations 2015 (PCR 2015) in line with the estimated value of the contracts.

Where a contract is above the Threshold for Works contracts, set at £5,336,937 from 1st January 2022, it is required to be advertised in the national Find a Tender Service (FTS) and Contracts Finder.

The procurement process for an above threshold contract is required to follow one of the processes set out in PCR 2015 regulations 26-32.

Commercial

The NEC TSC contract will be used. The terms of the recent Structures Framework will be utilised to form the basis of the conditions of contract.

'Due regard' considerations.

Consideration has been given to people with protected characteristics. Whilst this work is at a very early stage with a decision to commence the procurement stage, an initial review has identified potentially positive outcomes as follows:

- Continued delivery of well-maintained highway lighting assets which if not maintained would present risks (such as an increase in anti-social behaviour)

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- Continued delivery of a well-maintained highway lighting assets which is essential in maintaining a continuity in service and reduction in carbon emissions in line with SCC climate emergency policy.

Links to the County Vision, Business Plan.

The new highways lighting contract will have strong links to the following business plan outcomes:

- A county infrastructure that drives recovery, supports economic prosperity, productivity and sustainable public services.
- Safe, vibrant and well-balanced communities, able to enjoy and benefit from the natural environment whilst addressing climate change.

Alternative options considered and rejected.

- Somerset County Council has a legal obligation to maintain its stock of street lighting units in a safe condition. Therefore, it is obliged to maintain a continuity of service. Options were considered to extend the current contract by either one or two years. The current contract does allow for these extensions. The concern is that this would not allow the Council the scope to undertake additional programmes of work above routine maintenance, which has been an issue that has arisen in the past 4 years. Current spend through the existing contract does not allow the scope to undertake any further substantial additional street lighting replacement programmes. Research and market testing has also indicated the potential to gain from going to the market now

Background papers:

None.

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Compliance section:

Members consulted; members informed :	No
Officer consultations completed:	Yes
Senior (including statutory) officer sign off completed	Yes
Public / other consultations undertaken	Not considered necessary
Do you have sufficient budget or additional funding available and approval to commit this budget or funding and has this been confirmed with the appropriate Finance Service or Strategic Manager?	Yes
Are there any legal considerations to be made?	Yes
Has Legal Services been consulted (specific requirement for changes in service delivery, procurement, contracts or property matters?	Yes
Are there any TUPE implications arising?	Unknown
Has HR/OD been consulted?	Yes
Is the decision likely to lead to a procurement exercise or contract award / change ?	Yes
Has the Commercial and Procurement Team been consulted?	Yes
Strategic Commissioning Group consulted for commissioning ?	Yes
Are there any risks arising? (liaise with Pam Pursley regarding these	
Routine project risks noted below	
Have mitigating actions already been taken?	None necessary
Have all Due Regard (equalities) implications been considered? (liaise with Tom Rutland regarding these)	Yes
If ticked 'No' or 'not considered necessary' for any of the above, please provide your justification below:	
<p>Public consultation: Public consultation with respect to the contractual form of service delivery is not considered necessary or appropriate.</p> <p>Risks: Risk in commencing the procurement process has been carefully considered and the key risk identified is the impact on other highways activity in directing staff capacity at this project. The project board to director level considers that as there is no choice but to undertake this activity, the risks should be monitored and managed appropriately. A specific risk in relation to the commercial management of the existing contract has been identified and will be monitored whilst there is reduced capacity in that area (for approximately 3 months).</p>	

Member consultation completed:	Name(s)	Date
Relevant local County Councillors consulted where decision directly affects their Division	Not Applicable.	

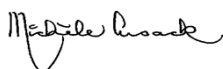
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Relevant Cabinet Member(s) consulted (if applicable)	Cllr John Woodman – Cabinet Member for Highways and Transport	15/12/2021
Opposition Spokesperson informed (if applicable)	Cllr Mike Rigby – Opposition Spokesperson.	15/12/2021
Chairman of relevant Scrutiny informed (if applicable)	Cllr Anna Groskop for Scrutiny Place	15/12/2021

Decision Maker

I am aware of the details of this decision, have considered the reasons, options, representations and consultation responses (where applicable) and give my approval / agreement to its implementation.

Signed by relevant SLT Director:



Name: Michele Cusack.

Post: Director Economic and Community Infrastructure Commissioning

Date: 21.12.21

Note – a copy of this signed decision should be sent to Scott Wooldridge, Monitoring Officer, Democratic Services

Somerset Equality Impact Assessment

Before completing this EIA please ensure you have read the EIA guidance notes – available from your Equality Officer

Version	1	Date	16/12/21
Description of what is being impact assessed			
Decision to commence procurement of a new highways contract or contracts.			
Evidence			
<p>What data/information have you used to assess how this policy/service might impact on protected groups? Sources such as the Office of National Statistics, Somerset Intelligence Partnership, Somerset's Joint Strategic Needs Analysis (JSNA), Staff and/ or area profiles,, should be detailed here</p>			
Professional judgement on typical impacts of highways service activity.			
Who have you consulted with to assess possible impact on protected groups? If you have not consulted other people, please explain why?			
None. Initial decision to commence procurement activity so consultation with protected groups not appropriate at this stage.			

Analysis of impact on protected groups

The Public Sector Equality Duty requires us to eliminate discrimination, advance equality of opportunity and foster good relations with protected groups. Consider how this policy/service will achieve these aims. In the table below, using the evidence outlined above and your own understanding, detail what considerations and potential impacts against each of the three aims of the Public Sector Equality Duty. Based on this information, make an assessment of the likely outcome, before you have implemented any mitigation.

Protected group	Summary of impact	Negative outcome	Neutral outcome	Positive outcome
Age	<ul style="list-style-type: none"> New contract will enable continued delivery of a well-maintained highway lighting which if not maintained would present risks (an increase in anti-social behaviour and an increase in carbon emissions). 	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Disability	<ul style="list-style-type: none"> New contract will enable continued delivery of a well-maintained highway lighting which if not maintained would present risks (an increase in anti-social behaviour and an increase in carbon emissions) 	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	<ul style="list-style-type: none"> Reduced accessibility for disabled people who use wheelchairs and sticks or have a visual impairment 	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Gender reassignment	<ul style="list-style-type: none"> None identified. 	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

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Marriage and civil partnership	<ul style="list-style-type: none"> None identified 	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Pregnancy and maternity	<ul style="list-style-type: none"> None identified 	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Race and ethnicity	<ul style="list-style-type: none"> None identified 	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Religion or belief	<ul style="list-style-type: none"> None identified 	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Sex	Conduct of works and potential for unwanted conduct towards women.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Sexual orientation	<ul style="list-style-type: none"> None identified 	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Other, e.g. carers, veterans, homeless, low income, rurality/isolation, etc.	New contract will enable continued delivery of a well-maintained highway lighting which if not maintained would present risks (an increase in anti-social behaviour and an increase in carbon emissions).	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

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Negative outcomes action plan

Where you have ascertained that there will potentially be negative outcomes, you are required to mitigate the impact of these. Please detail below the actions that you intend to take.

Action taken/to be taken	Date	Person responsible	How will it be monitored?	Action complete
Disability – check and balance policy and procedure in place – procurement process or NRSWA	16/12/2021	Peter Lowry	Updated as and when required	<input checked="" type="checkbox"/>
Sex – check and balance policy in forefront of thought process during contract management and procurement	16/12/2021	Peter Lowry	Updated as and when required	<input checked="" type="checkbox"/>
	Select date			<input type="checkbox"/>
	Select date			<input type="checkbox"/>
	Select date			<input type="checkbox"/>
	Select date			<input type="checkbox"/>
	Select date			<input type="checkbox"/>
	Select date			<input type="checkbox"/>

If negative impacts remain, please provide an explanation below.

N/A

Completed by:

Peter Lowry

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Date	13/12/21
Signed off by:	Mike O'Dowd-Jones
Date	13/12/21
Equality Lead/Manager sign off date:	Tom Rutland
To be reviewed by: (officer name)	Peter Lowry
Review date:	16/12/2021