

**1. Recommendations:**

**The Committee is asked to note**

1. the performance of Skanska Laing (SKL, 'the Service Provider') for September 2012 – January 2013
2. the Core Investment programme for both Croydon and Lewisham for the duration of the 5 year programme for which financial approvals are required.

**2. Executive Summary**

- 1.1. This report advises the Committee of the progress of the Core Investment Programme (CIP) and the overall performance of the Service Provider during September 2012 – January 2013.

**3. Detail**

**1.1. Operational Performance Standards Overview**

- 2.1.1. The Output Specification for this contract defines both councils' requirements for the Service that the Service Provider shall provide pursuant to this Contract. The Performance Standards within specify the required outcome, service delivery, performance requirements and measurement criteria in respect of each part of the Service.
- 2.1.2. The Service Provider shall perform the service in accordance with the following Performance Standards:

**1.2. PS1 - Investment Programmes;**

The Service Provider shall design and install new apparatus during the five year CIP across both councils to the current relevant standards. The following table illustrates the Milestones for achieving this:

Milestone 3 of the programme was at the end of January 2013, which is highlighted below.

	Milestone Completion Date	Total Lighting Points removed
	6 months after planned service commencement date	207
	12 months after planned service commencement date	3,107
	<b>18 months after planned service commencement date</b>	<b>7,148</b>

	24 months after planned service commencement date	12,009
	30 months after planned service commencement date	16,885
	36 months after planned service commencement date	22,915
	42 months after planned service commencement date	28,940
	48 months after planned service commencement date	34,316
	54 months after planned service commencement date	39,683
	60 months after planned service commencement date	46,665

Below is the updated table of column removals both Boroughs:

Month	September 2012	October 2012	November 2012	December 2012	January 2013
Cumulative lighting points removed	<b>3184</b>	<b>3599</b>	<b>3986</b>	<b>4145</b>	<b>4316</b>
Additions (month by month).	711	415	387	159	171

As can be seen from the tables above, the Service Provider has failed to achieve Milestone 3 by 2,832 lighting point removals.

Under the the Contract, should the Service Provider identify it has been unable to achieve a Milestone, it can submit a request for relief against achieving that Milestone in accordance with Clause 21 (Relief Events, Compensation Events and Excusing Causes) of the Contract. A claim that a Relief Event has occurred was submitted by the Service Provider but following an internal review of the supporting information, Council officers have concluded that the information provided was insufficient in demonstrating, to their reasonable satisfaction, that a Relief Event had in fact occurred. Therefore the Service Provider has been issued with a Milestone Default Termination Point.

In the meantime, officers have asked the Service Provider to provide a performance improvement plan illustrating how they will be recovering the backlog of works and discussions on that are ongoing as well as discussions on whether a genuine Relief Event has in fact occurred.

Overall, the Service Provider has made good progress in completing the year one programme but a number of streets remain outstanding as detailed below.

L	B	Savacentre Access Road, Bell Green, Stanton Way, Beckenham Hill Road, Lucas Court (Housing), South End Lane, Riverview Walk, Randlesdown Road, Riverview Park, Holmshaw Close, Winchfield Road.
	P	Hyndewood (Housing), Perry Vale, Westbourne Drive, Allenby Road, Garlies Road, Kilmorie Road.
C	F	Bygrove, Elmside, Applegarth, Fieldway, Wayside, Foxcombe, The Coppins, Oakbank, Northwalk, Brierley, Dunsfold Way, Ashwood Gardens, Brockham Crescent, The Lindens.
	N	Parkway, Central Parade, Cunningham R/A, Cator Crescent, Lodge Lane, King Henrys Drive
	S	Bennetts Way, Parkfields, Ham View, Midholm Road, Broom Road, Regency Walk, Kempton Walk, Shirley Way, Bridle Road, Tower View, Monks Orchard Road, Eversley Way, Temple Avenue, Barons Walk, Shirley Church Road, Wilks Garden, Hartland Way, Carrington Close, Inwood Close, Orchard Avenue, Orchard Way, Fir Tree Gardens, West Way.
C	A	Sefton Road, Parkview Road, Stroud Green Gardens, Compton Road, Harriet Gardens, Homer Road, Carlyle Road, Broomwood Close, Brockenhurst Road, Elstan Way, Blackhorse Lane, Ashurst Walk, Longhurst Road, Longheath Gardens, Bingham Road, Milford Gardens, Pipers Gardens, The Glade, Spring Lane, Long Lane, Woodmere Close, Woodside Court Road, Ashling Road, Elmgrove Road, Shirley Road, Wydehurst Road, Fryston Avenue, Craven Road, Birch Tree Way, Fernhurst Road, Glenthorne Avenue

Appendix 1 (A&B) provides a planned ward by ward breakdown of the Core Investment Programme for each borough.

**1.3. PS2 - Planned Maintenance, Inspection and Testing;**

This Performance Standard covers planned maintenance, inspection and testing of street lighting equipment. Routine scouting of street lights is undertaken and the performance is measured over a four-month period.

The table below illustrates that the overall performance has achieved the level in which no adjustment is made and therefore the service provider has not been adjusted in line with the payment mechanism.

	January 2013	December 2012	November 2012	October 2012	September 2012
(Y) # occasions not In Light	977	660	976	1,033	627
(T) # Lighting Points	103,616	85,481	111,085	111,604	53,225
<sup>A</sup> / <sub>B</sub> In Light **	99.057%	99.228%	99.121%	99.074%	98.822%
In Light:	99.120%				

The current performance target for “lights in light” is 99% which is calculated over a four month period, the Service Provider has performed well over the last 6 months to achieve the accumulative target.

**PS3 - Operational Responsiveness and Reactive Maintenance;**

2.1.3. This Performance Standard covers the operational responsiveness of the Service Provider to attend to faults within the relevant rectification period as illustrated in the table below:

Item	Fault Type	Specified Period for Rectification
1.	Non Emergency Fault (Replacement of Components and Apparatus)	Four (4) Business Days
2.	Non Emergency Faults (replacement or repositioning of a complete unit of Apparatus (excluding DNO equipment))	Five (5) Business Days
3.	Non Emergency Fault (Removal of graffiti)	Four (4) Business Days
4.	Non Emergency Fault (Orientation of a Luminaire or bracket on any Apparatus is not vertically and horizontally aligned as intended when designed and installed)	Four (4) Business Days
5.	Non Emergency Faults (twisted attachments, including sign plates and lighting units)	Four (4) Business Days
6.	Non Emergency Fault (failure to re-site an Authority Attachment in accordance with Schedule 4 (Attachments and Advertising))	One (1) Business Days
7.	Non Emergency Fault (Unauthorised Attachments)	Four (4) Business Days
8.	Non Emergency Faults (Snagging Items)	Within the period specified by the Independent Certifier or twenty (20) Business Days of issue of the Certificate of Compliance if certification is by the Service Provider
9.	Non Emergency Faults (missing or incorrect identification number)	Four (4) Business Days
11.	Non Emergency Faults (Repair Fault on DNO Equipment)	Thirty (30) Business Days
12.	Non Emergency Faults (Photometric Performance Failure)	Thirty (30) Business Days
13.	Non Emergency Faults (Structural and Mechanical Failure)	Four (4) Business Days
14.	Non Emergency Faults (Electrical Inspection and Test Failure)	Thirty (30) Business Days
15.	Non Emergency Faults (Protective Paint System Failure)	Six (6) Months
16.	Urgent Fault	One (1) Day

3.3.2 The tables below illustrate the performance for emergency and non – emergency faults in and out of time for the period of September 2012 – January 2013:

Fault Type	Number of occasions					
	In time					
	Sept 12	Oct 12	Nov 12	Dec 12	Jan 13	
E m e r g e n c y f a u l t s	81	130	171	144	162	
N o n - E m e r g e n c y F a u l t s	1360	2593	2335	1853	2010	

Fault Type	Number of occasions					
	Out of time					
	Sept 12	Oct 12	Nov 12	Dec 12	Jan 13	
E m e r g e n c y f a u l t s	0	1	0	0	2	
N o n - E m e r g e n c y F a u l t s	6	2	15	10	35	

**1.4. PS4 - Contract Management and Customer Interface;**

The Service Provider shall for the Service Period provide a customer care and contract management service in accordance with this Performance Standard that includes the development, operation and maintenance of a Management Information System (MIS) and Customer Care System (CCS).

Below table shows telephone calls receive by call centre and emergency phone line between September 2012 and January 2013:

Number of calls					
Sept 12	Oct 12	Nov 12	Dec 12	Jan 13	Prescribed response period
892	1111	1192	764	1115	= # calls received by call centre / emergency phone line
866	1052	1161	599	1075	= # answered by a trained call agent within 25 seconds
97.09%	94.69%	97.40%	78.40%	96.41%	= % answered by a trained call agent within 25 seconds

For the month of December 2012, this is the first time this performance measurement has been poor as there were 170 phone calls of the 694 which were not answered within the required 25 seconds, which subsequently led to a financial adjustment. The reason for this poor performance was as a result of the changes to SKL’s customer contact centre. The changes have since been revised.

**1.5. PS5 - Strategic Assistance and Reporting;**

The Service Provider shall provide relevant, accurate and timely information to the Councils on its performance in relation to the services in Monthly Service Reports and Annual Service Reports to ensure that the strategic assistance and reporting procedures adopted for delivery of the Service:





- (i) enable the Councils to properly monitor the Service and have sufficient data and information to assess accurately what Adjustments, (if any) to the Unitary Charge should be made;
- (ii) allow the Councils to demonstrate that it is achieving its Best Value Duty and continuous improvement in the delivery of the Service; and
- (iii) allow the Councils to regularly review the Service to determine whether it meets current and future needs, consult with users and other stakeholders and benchmark performance against other service providers.



Monthly monitoring and monthly payment reports are combined to reduce the administration burden for the councils and are provided by the fifth business day of the month following the month for which the report relates.

**1.6. PS6 - Working Practices;**

Performance Standard 6 requires the Service Provider to ensure it operates the day-to-day working practices correctly and safely. Categories of the faults relating to these practices are detailed below:-

		 			 	
		<a href="http://www.croydon.gov.uk">www.croydon.gov.uk</a>			<a href="http://www.croydon.gov.uk">www.croydon.gov.uk</a>	
					Number of faults Dec	Number of faults Jan 18
Any Service Failure that:	<p>(a) poses a material risk to life; or</p> <p>(b) poses a material risk of damage to person and/or property; or</p> <p>(c) poses a material risk of significant financial loss and/or disruption to the Authority.</p>	0	0	0	0	0
Any Service Failure that is such that it may develop into an Urgent Service Failure if not rectified or attended to in accordance with Good Industry Practice.		0	0	0	1	1
	Any Service Failure that is not immediately detrimental or likely to lead to a Serious Service Failure or an Urgent					

N.B Routine service faults : This is taken from the schedule of service failures, where each item is given a points score. For example, work being undertaken without a permit (LoPS) is given 5 points.

The authority and the service provider have agreed the table to appendix 21, of which any future failures with regards tyo working practices will be added accordingly.

### **3.8. PS7 - Reporting to the Authority;**

In order for the Councils to monitor the performance of the Service Provider and to ensure appropriate Monthly Payments are made under the Contract, the Service Provider shall provide accurate and complete reporting to the Councils on how the Service Provider is complying with the requirements of the Output Specification

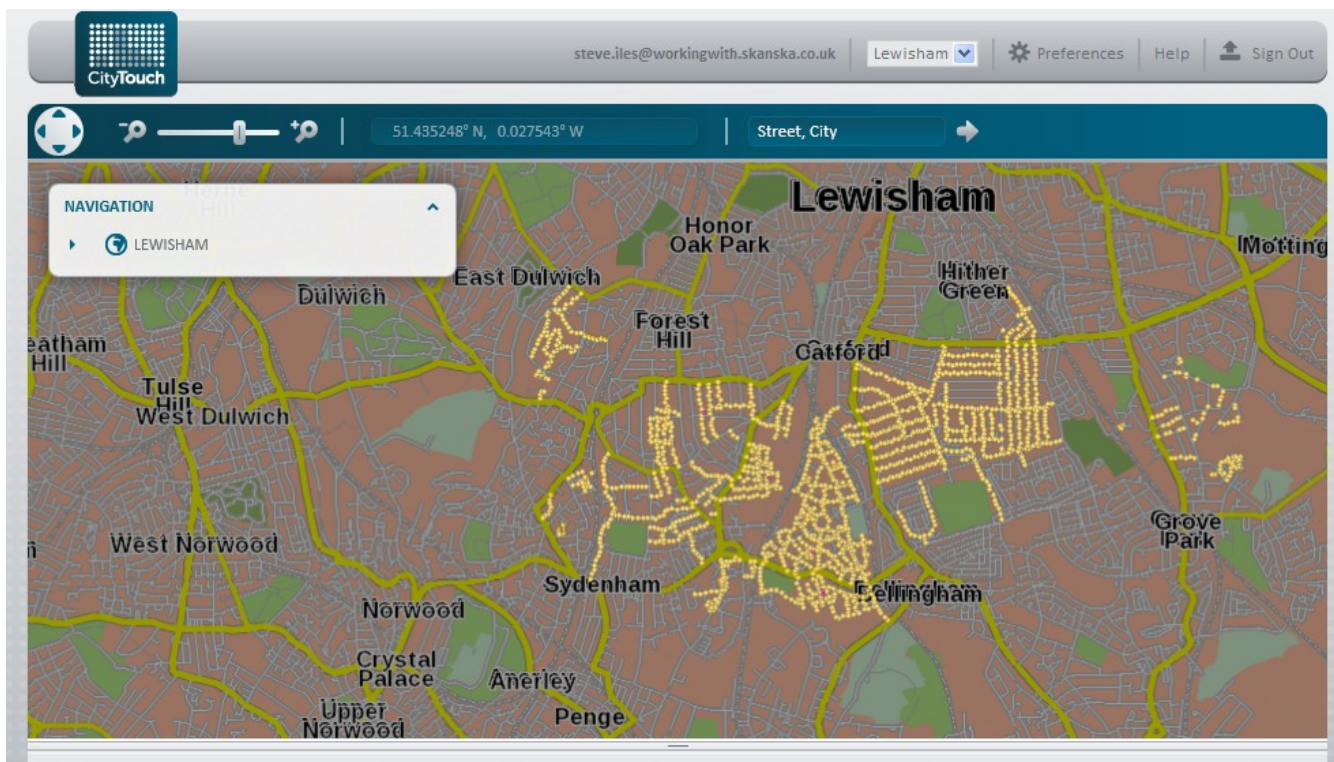
### 3.2. PS9 - Central Management System;

When this contract was awarded both councils opted for a Central Management System (CMS) to be installed to all street lights as part of a “mandatory variant solution”. In technical terms the key difference between the mandatory variant solutions and standard Solutions is that the mandatory variant solution enables lights to be dimmed, or brightened, flexibly, whereas in the standard solution lights will only come on and off at fixed ambient light levels. The advantage of the mandatory variant solutions is its flexibility, and the opportunity that it affords to cut energy consumption and therefore costs or otherwise to respond to policy considerations.

Once the Independent Certifier issues the Certificate of Compliance for the new street lighting on a street by street basis the Service Provider shall ensure that all Replacement CIP Apparatus is connected to and operating on the Central Management System.

At the present time across both boroughs there are 2606 street lighting columns connected to the CMS.

Over the last few months both authorities have requested to see the dimming of the street lights to see the difference in lighting levels and to assess the potential energy savings if carried out in the near future.



## 4. Human Rights

1.1. There are no human rights impact considerations arising from this report.

## **5. Consultation**

- 1.1. During the mobilisation phase and throughout the CIP, the Service Provider will liaise and consult with all relevant bodies, which includes the Councils, its officers, and all other stakeholders.
- 1.2. There is a mechanism built within the Output Specification to ensure that this consultation process takes place.

## **6. Financial and Risk Assessment Considerations: Croydon and Lewisham**

- 6.2 The structure of the Payment Mechanism includes a payment in arrears for the service. Any under performance in a period will be reflected in a payment adjustment in the following period. A draft Monthly Payment Report is provided to the Councils within five business days of the month for which it is reporting. No later than the end of the month a final monthly payment report is issued to the authority and the authority has 20 business days to settle the account.
- 6.3 As per the Co-Operation Agreement the Joint Committee is required to submit final estimates for approval to the Constituent Authorities no later than November 30<sup>th</sup>. The Joint Committee is then to set its budget no later than March 15<sup>th</sup> each year.
- 6.4 The budget for the year is as set out in the PFI financial model and amounts to £11,580,004 for 13/14 plus inflation. This budget includes provision for expenditure on the PFI contract itself, energy costs, clienting and contributions into the sinking fund to even out PFI liabilities over the life of contract. This budget is funded by the Constituent Authorities (£5,576,400) and PFI grant (6,003,604). Any negligible costs in relation to the running of the Joint Committee itself will be contained within existing budgets.

(Approved by: Tim Flood Finance Manager Corporate Resources and Customer Services for London Borough of Croydon, Peter Allery Group Manager Resource Finance Lewisham)

## **7. Comments of the Councils' Solicitors**

- 7.1. To align the constituent authorities, the legal teams created two agreements, the Governance Agreement and the Co-operation Agreement.
- 7.2. The Governance Agreement was put in place to set out the joint arrangements for the management of the joint street lighting PFI Project. It details the functions of the Joint Committee, its constitution and decision making powers.
- 7.3. The Co-operation Agreement sets out the detailed arrangements relating to operation matters including how any disputes between the constituent authorities are to be settled and budget provisions to cover the management costs of the Project.
- 7.4 It is the function of the Joint Committee to monitor the operational performance of the Service Provider and to receive reports from the Management Board consisting of two representatives of each constituent authority as to the Service Provider's performance over the last two quarters.

- 7.5 There are no legal implications arising from this report other than to note that officers from the service delivery side will seek advice in relation to the Relief Event discussion with the Service Provider as necessary.

(Approved by: Helen Glass, Principal Lawyer on behalf of the Head of Law, Lewisham, Sean Murphy, Corporate Solicitor on behalf of the Director of Democratic & Legal Services for London Borough of Croydon)

## **8. Human Resources Impact**

- 8.1. There are no Human Resources considerations arising from this report.

(Approved by: Adrian Prescod, HR Business Partner, on behalf of the Director, Human Resources & Organisational Effectiveness.)

## **9. Customer Impact**

- 1.1. The core objective of the street lighting replacement programme, the replacement of the existing aged equipment with a new and well-maintained service, will have a positive impact on the residents.
- 1.2. It is possible that the roll out of a significant civil engineering project, such as this, affecting the entirety of both boroughs especially during the CIP may be perceived as an unwelcome disruption by some members of the public. However every effort will be made to keep residents informed of works taking place in their area.

## **10. Equalities Impact Assessment (EIA)**

- 1.1. An Equalities Impact Assessment (EIA) has been undertaken, and there are no specific disadvantages associated with replacing the street lighting in the boroughs. Indeed, the enhanced lighting will be of benefits to all residents and businesses.

## **11. Environmental and Design Impact**

- 11.1 In October 2010 Croydon also approved the Carbon Management Energy Efficiency Programme (CMEEP 2010-15) with a carbon reduction target of 25% (compared to 2009/10 baseline) to be delivered by 2015. Street lighting represents an approximate 12% share of the total carbon footprint of the council and carbon reduction and energy efficiency in street lighting will contribute significantly to the 25% reduction target. Lewisham Council has a target of a 50% reduction in corporate carbon emissions by 2015/16 from a baseline of 2007/08. This target is supported by a detailed Carbon Management Programme, which incorporates an expectation of reduced emissions from street lighting.
- 11.2 Reducing carbon dioxide emissions from the Council's own activity including street lighting can deliver financial savings through reduced energy/fuel costs; help achieve percentage CO<sub>2</sub> reduction (25% by 2015) from local authority operations and support the borough wider climate change mitigation target.

- 11.3 Croydon and Lewisham are both registered with the Environment Agency to participate in the mandatory Carbon Reduction Commitment energy efficiency scheme (CRCEES). The scheme requires participants to purchase 'Allowances' for emissions of carbon dioxide (associated with energy use). In the first phase of the scheme Allowances are charged at £12 per tonne CO<sub>2</sub>, this will rise to £16 in the next phase starting 2014-15. The CRCEES was designed as a cost neutral trading scheme (with recycling of Allowance payments according to their level of performance). However, following changes announced in the 2010 budget the government currently retains all Allowance payments.
- 11.4 The electricity supplies for street lighting are currently only included within the CRCEES if they are traded on a half-hourly basis. Croydon's electricity for street lighting is not half-hourly traded and is subsequently outside the scope of the CRCEES. Following a consultation exercise, government has determined that all street lighting will be included within phase 2 of the CRCEES (starting 2014-15) irrespective of the metering method. Croydon will therefore be liable to pay the costs of Allowances (at the £16/tonne CO<sub>2</sub> rate) for street lighting from 2014-15 on. The CMS functionality will help minimise electricity consumption and consequently save on energy and CRCEES costs. The more accurate measurement provided by CMS will also ensure that the council only pays for the actual electricity used, and this improved data can help secure lower unit prices from the power market.

Approved by; Bob Fiddik, Team Leader Sustainable Development & Energy team

## **12. Crime and Disorder Reduction Impact**

- 1.1. The general improvement of the street lighting is expected to have a positive impact on the levels of crime and disorder.

## **13. Freedom of Information/Data Protection Considerations**

- 1.1. There are no data protection issues arising from the Project.
- 1.2. The Councils' Procurement Strategy and Tenders and Contracts Regulations are accessible under the Freedom of Information Act 2000 as part of the Councils' Publication Scheme. Information requested under the Act about the specific procurement exercise and contract which are the subject of this report, held internally or supplied by external organisations, will be accessible subject to legal advice as to its commercial confidentiality, or other applicable exemption, and whether or not it is in the public interest to do so.



---

## **Contact Officers**

Steve Iles Authorised Person and Head of Highways, Croydon Council  
Telephone: 020 8255 2864 x52821 Email: [steve.iles@croydon.gov.uk](mailto:steve.iles@croydon.gov.uk)

Tony Brooks Director of Public Safety and Public Realm, Croydon Council  
Telephone: 020 8726 6000 x65433 Email: [anthony.brooks@croydon.gov.uk](mailto:anthony.brooks@croydon.gov.uk)

Rob Holmans Director of Programme Management and Property, Lewisham Council  
Telephone: 020 8314 7000 Email: [rob.holmans@lewisham.gov.uk](mailto:rob.holmans@lewisham.gov.uk)

## **Background Documents**

Appendix 1 (A&B): Core Investment Programme Croydon and Core Investment Programme Lewisham