

REPORT TO:	CROYDON AND LEWISHAM STREET LIGHTING JOINT COMMITTEE 10 March 2016
AGENDA ITEM:	6
SUBJECT:	THE JOINT STREET LIGHTING PFI UPDATE
LEAD OFFICERS:	CROYDON: EXECUTIVE DIRECTOR OF PLACE AND STREETS LEWISHAM: EXECUTIVE DIRECTOR FOR RESOURCES AND REGENERATION
CABINET MEMBERS:	CROYDON: COUNCILLORS KATHY BEE AND STUART COLLINS LEWISHAM: COUNCILLORS ALAN SMITH AND KEVIN BONAVIA
WARDS:	ALL
Corporate Priority / Policy Context:	
Improving street lighting supports Croydon Council's corporate priorities of improving the environment and reducing crime and Lewisham Council's corporate priorities of clean, green and liveable, and safety, security and a visible presence.	
Financial Summary:	
Noting the recommendations in this report will reflect the agreement made by Croydon and Lewisham Council to the sums set out in the P.F.I contract agreement. Each authority has made plans as it considers appropriate for the financial implications of the project. No additional expenditure is proposed as a result of this report.	
Forward Plan Key Decision Reference Number: N/A	
Not for publication N/A	
Recommendations:	
The Committee is asked to note	
<ol style="list-style-type: none"> the performance of Service Provider in respect of the street lighting PFI for September 2015 – January 2016 the Core Investment Programme (CIP) for both Croydon and Lewisham for the duration of the 5 year programme. 	

1. Executive Summary

This report advises the Committee of the progress of the Core Investment Programme (CIP) and the overall performance of the Service Provider during September 2015 – January 2016.

2. Detail

Operational Performance Standards Overview

2.1. 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. The performance is reviewed on a monthly basis as part of the "Monthly Monitoring Report" and this is linked directly to any financial adjustments for failing to meet the minimum requirements set out each performance standard. Details of the level of adjustments applied to this contract to date are shown in the Part B agenda of this committee.

2.2. The Service Provider shall perform the service in accordance with the following Performance Standards:

PS1 - Investment Programmes

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

The project calendar has reached Milestone 9 at 31st January 2016, which is highlighted below:

Milestone	Milestone Completion Date	Total Lighting Points removed
1	6 months after planned service commencement date	207
2	12 months after planned service commencement date	3,107
3	18 months after planned service commencement date	7,148
4	24 months after planned service commencement date	12,009
5	30 months after planned service commencement date	16,885
6	36 months after planned service commencement date	22,915
7	42 months after planned service commencement date	28,940
8	48 months after planned service commencement date	34,316
9	54 months after planned service commencement date	39,683
10	60 months after planned service commencement date	46,665

2.4. Upon the last Monthly Monitoring / Payment Report for January 2016 the certification figure was 36,056 columns removed. A significant amount of work continues to be undertaken by the Service Provider and the councils monitoring team to implement continuous improvements in this area of the project. As a result of this the CIP delay has recovered and now running at approximately 4 months late compared to 8 months behind at this same stage in January 2015 (see below table):

Month	Delay Months	Delay Part Months - Days
January 2015	8 Months	0 Days
February 2015	7 Months	25 Days
March 2015	7 Months	19 Days
April 2015	7 Months	16 Days
May 2015	7 Months	12 Days
June 2015	7 Months	1 Day
July 2015	6 Months	18 Days
August 2015	5 Months	27 Days
September 2015	5 Months	13 Days
October 2015	5 Months	0 Days
November 2015	4 Months	17 Days
December 2015	4 Months	12 Days
January 2016	4 Months	4 Days

- 2.5. The committee will recall the main contributory factor for the delays has been the time taken to disconnect / connect the new street lights to the “Triple Concentric” (TCC) UKPN cable, this cable has been identified in two thirds of the borough of Croydon. The designs of the remaining streets have improved with less TCC needing jointing works as these are now being designed to be jointed on the Low Voltage Mains cable.
- 2.6. The committee will recall as a result of the delays in the delivery of the CIP and the associated complications arising from the TCC, the Service Provider has produced an improvement plan. This improvement plan outlines the steps being taken to recover the programme and is reviewed monthly at the monthly performance meetings with the Service Provider.
- A number of steps have been taken, such as pulling the CIP forward for wards in years 4 & 5 for both boroughs and particularly where the TCC is not present in Croydon, such as Coulsdon East and Coulsdon West.
 - The success of the Service Provider obtaining Independent Connections Provider “ICP” status with the Asset owner Agreement, is fundamental to the Project being able to achieve the mitigation programme and reduce delays, which over the last few months has seen a vast improvement of tasks being completed.

Legacy Stumps (Feeder Points)

- 2.7. The stumps are all labelled and have better clarity as to what they are and a contact number should members of the public want to call in.
- 2.8. There are a number of temporary CCS Feeder Points that need to remain in situ on a temporary basis, to provide power to an adjacent street in order to maintain an electrical supply to the Lighting Points, which will be treated as a snagging item only once they have been de-energised by disconnection from the CCS. Until this point in time, the status of all such Temporary CCS Feeder Points will be recorded on the Management Information System (MIS) as a ‘neutral snagging’ item to ensure they remain visible and are reported on, until they can be removed or part of an adjacent street or scheme.
- 2.9. Temporary CCS Feeder Points are being recovered as soon as it is practically possible to do so after they are no longer required for the electrical supply of adjacent Lighting Columns. Skanska & UK Power Networks are working closely to ensure a continuous programme is in place for these feeder points to be removed. Authority officers are monitoring the stump removal

programme of which meetings are held weekly with Skanska and UKPN to identify any areas that can be accelerated within the programme.

2.10. Until recently the overall integrity of the CCS network has been a significant factor in the ability to be able to remove many of the temporary Feeder Points. Over the last few weeks due to the level of new columns installed and removed off the CCS Skanska are now in agreement with UKPN to be able to disconnect 20-25 stumps a day, which has seen a marked reduction of stumps over the coming months. At present there are 1310 stumps removed so far, with 1581 stumps still to be removed.

2.11. It is important to note all lighting columns in Lewisham are connected to the DNO network and therefore are not affected by this issue.

PS2 - Planned Maintenance, Inspection and Testing;

2.12. 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.

2.13. The table below illustrates the overall performance over the last 8 months, the Service Provider has achieved the required level of 99% lights throughout this period, and therefore no financial adjustment has occurred.

	January 2016	December 2015	November 2015	October 2015
# occasions not In Light	471	430	543	668
# Lighting Points	103,208	103,392	102,734	102,982
In Light **	99.544%	99.584%	99.471%	99.351%
In Light:				99.488%

	September 2015	August 2015	July 2015	June 2015
# occasions not In Light	373	309	298	401
# Lighting Points	51,689	51,797	51,992	51,775
In Light **	99.278%	99.403%	99.427%	99.225%
In Light:				99.334%

2.14. The Client Monitoring Team are carrying out their own individual shadow night scouts to verify the quality of the night scouts the Service Provider undertake as well as reviewing the vehicle tracker reports to verify the streets visited. There have been a few minor differences on outages found, but when reviewed these are mainly lamps that are cycling on and off (intermittent fault).

PS3 - Operational Responsiveness and Reactive Maintenance;

2.15. This Performance Standard covers the operational responsiveness of the Service Provider to attend to faults within the relevant rectification period.

2.16. The tables below illustrate the performance for emergency and non – emergency faults in and out of time for the period of September 2015 – January 2016. All Emergency Call Outs have been attended within the 1 hour time frame.

2.17. The Service Provider undertaking daytime scouting has helped reduce the total number of faults reported. There has been a continuous improvement in the time taken to repair the non emergency four day faults of which the adjustments now are mainly due to new C.I.P columns that have been left day burning to long that the client monitoring team have identified. The process for the columns to be connected to the CMS after connection to the L.V Main is 5 working days of which if the column is not functioning normally then a four day non routine job is raised for repair:

Fault Type	Number of occasions : In Time				
	Sept 2015	Oct 2015	Nov 2015	Dec 2015	Jan 2016
Emergency faults	99	98	123	80	83
Non-Emergency Faults	1248	2004	1748	1547	1552

Fault Type	Number of occasions : Out of Time				
	Sept 2015	Oct 2015	Nov 2015	Dec 2015	Jan 2016
Emergency faults	0	0	0	0	0
Non-Emergency Faults	39	13	7	14	4

2.18. Not all non-emergency faults and emergency call outs for this period were attended in time for which a financial adjustment has been applied in line with the Payment Mechanism.

2.19. The Service Provider has improved in rectifying the snagging items identified by the Independent Certifier of which are now being completed within the 20 day rectification period. However the overall this performance standard has improved over the last 6 months.

PS4 - Contract Management and Customer Interface;

2.20. For the Service Period, the Service Provider shall 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).

2.21. The table below shows telephone calls receive by call centre and emergency phone line between September 2015 and January 2016, of which the target is 95% of all calls being answered within 25 seconds. Over this period the performance target has been met of which no financial adjustments were applied for these months.

Sept 2015	Oct 2015	Nov 2015	Dec 2015	Jan 2016	Prescribed response period
967	1109	1171	817	752	= # calls received by call centre / emergency phone line
965	1101	1163	807	751	= # answered by a trained call agent within 25 seconds
99.79%	99.27%	99.32%	98.78%	99.87%	= % answered by a trained call agent within 25 seconds

PS5 - Strategic Assistance and Reporting;

2.22. 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.

For this period all reports were received on time.

PS6 - Working Practices;

2.23. 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 overleaf:

fault Type		No. of faults Sept 2015	No. of faults Oct 2015	No. of faults Nov 2015	No. of faults Dec 2015	No. of faults Jan 2016
Urgent service faults	<p>Any Service Failure that: (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>poses a material risk of significant financial loss and/or disruption to the Authority.</p>	0	0	0	0	0
Serious service faults	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.	3	0	0	1	2
Routine service faults	Any Service Failure that is not immediately detrimental or likely to lead to a Serious Service Failure or an Urgent Service Failure, but that, if not rectified or attended to in accordance with Good Industry Practice, may adversely impact on the Service and / or the Authority's reputation and / or the Service Provider's reputation.	110	45	95	40	80

Note: Routine service faults: This is taken from the schedule of service failures, where each item is given a point's score. The Authority and the Service Provider have agreed the table to Appendix 21 of the Contract, of which any future failures with regards to working practices will be added accordingly.

PS7 - Reporting to the Authority;

- 2.24. 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.

Over this period all reports were submitted on time.

PS9 - Central Management System;

- 2.25. 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. This is something both boroughs are exploring under a Variable Lighting Policy.
- 2.26. 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.
- 2.27. For the reporting period of January 2016, across both boroughs there are 33,222 street lighting columns connected to the CMS and that have been certified.

3. Human Rights

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

4. Consultation

- 4.1. During the mobilisation phase and throughout the CIP, the Service Provider is required to liaise and consult with all relevant bodies, which includes the Councils, its officers, and all other stakeholders.
- 4.2. There is a mechanism built within the Output Specification to ensure that this consultation process takes place.
- 4.3. Notifications to residents are being distributed in advance of works commencing on site. The requirements is to deliver a leaflet to each property 8 weeks prior to works commencement and a further letter 4 weeks prior to works commencing.

5. Financial and Risk Assessment Considerations: Croydon and Lewisham

- 5.1. 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.
- 5.2. 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 30th. The Joint Committee is then to set its budget no later than March 15th each year.

- 5.3. The budget for running the Joint Committee itself is minimal and can be contained within the overall project budget or other existing budgets. The contract budget for the year is as set out in the PFI financial model. This budget includes provision for expenditure on the PFI contract itself, the contract monitoring costs and contributions into the sinking fund to even out PFI liabilities over the life of contract, with LBC acting as the lead authority on payments. The total contribution to the sinking fund for 16/17 is £10.1m. Energy costs are paid directly to the respective energy suppliers by the individual authorities and are not part of the sinking fund payment process.
- 5.4. The financial model sinking fund is periodically reviewed to ensure that adequate resources are set aside for future liabilities. The contributions for 16/17 have been adjusted accordingly. These are offset in part by contract performance deductions.

(Approved by: Louise Lynch, Business Partner, Place Department, for London Borough of Croydon, Peter Allery Group Manager Resource Finance Lewisham)

6. Comments of the Councils' Solicitors

- 6.1. To align the constituent authorities, the legal teams created two agreements, the Governance Agreement and the Co-operation Agreement.
- 6.2. 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.
- 6.3. 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.
- 6.4. 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 quarter.
- 6.5. The CIP is set out in Schedule 5 to the Project Agreement.
- 6.6. This sets out the timing for replacement of the existing Apparatus during the first five years. It also sets out what needs to be included in the CIP which must take into account significant transportation projects and other programmes or works. The CIP is revised every three months or amended as necessary.
- 6.7. The Service Provider is obliged to complete its replacement of lighting columns and removal of existing lighting columns by Milestone Completion Dates (Projected). These are set out in a table in the Project Agreement. The Independent Certifier issues a Milestone Certificate on the date that the Service Provider completes each Milestone. If the Service Provider fails to achieve a Milestone then a Milestone Default Termination Point accrues which is cancelled once that Milestone is achieved. If the final Milestone remains uncompleted then further Milestone Default Termination Points accrue at a rate of one every 180 days.
- 6.8. The Service Provider is also entitled to claim relief in failing to achieve a Milestone Completion Date due to a failure by the Distribution Network Operator (UKPN). A waiver was given for

Milestone 4 but not for Milestone 5 and beyond for which a claim has been received, reviewed and declined.

6.9. Adjustments (i.e. deductions) can be made from the Unitary Charge for poor performance against contract standards. These are being made as set out in the body of the Report.

6.10. In addition to the contractual remedies, officers from both Councils have been working co-operatively with the SPV to help it develop an improvement plan and this has resulted in some improvement to the core investment plan which is set out in the SPV's Improvement Plan.

(Approved by: Helen Glass, Principal Lawyer on behalf of the Head of Law, Lewisham, Sean Murphy, Principal Corporate Solicitor (Regeneration) on behalf of the Council Solicitor and Monitoring Officer for London Borough of Croydon)

7. Human Resources Impact

7.1. There are no Human Resources considerations arising from this report.

Approved by Adrian Prescod, HR Business Partner, for and on behalf of Director of HR, Resources department.

8. Customer Impact

- 8.1. 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.
- 8.2. 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.

9. Equalities Impact Assessment (EIA)

9.1. 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.

10. Environmental and Design Impact

10.1. Croydon's carbon management programme was approved in October 2010 and originally set a target to reduce carbon emissions by 25% by 2015 (from a baseline 2009/10). The scope of the emissions covered included corporate buildings, schools and electricity use by street lighting - which represents around 12% of the total emissions. 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.

10.2. Carbon emissions from Croydon's street lighting are shown in the table below (consumption for February and March 2016 estimated using monthly averages). While there has been no clear change in consumption levels, emissions look set to have decreased in 2015/16 as a result of the lower carbon content of electricity supplied through the public network.

year	Consumption kWh	CO ₂ tonne	Grid emission factor
2015/16	10,083,522	5,005	0.49636
2014/15	10,185,810	5,430	0.5331
2013/14	9,647,256	5,219	0.541

10.3. Croydon and Lewisham are both mandatory participants in the government CRC Energy Efficiency Scheme (CRCEES). This requires organisations to report on and pay for emissions of CO₂ associated with energy used across their operations. In Phase 1 of the CRCEES, emissions from street lighting were only included within the scope where electricity consumption was measured via 'dynamic' half hourly metering (e.g. measured via CMS or PECU array). In a review of the scheme, government accepted that this acted as a perverse incentive for authorities not to introduce better measurement and control of street lighting assets. Hence, in Phase 2 of the CRCEES Street Lighting emissions are within scope irrespective of what method is used to meter and charge for the consumption. Phase 2 started in 2014/15 and inclusion of street lighting added £90k to Croydon's CRCEES burden (with each tonne CO₂ being charged at £16.40).

10.4. The CMS functionality will help reduce street lighting electricity consumption, this will therefore help minimise electricity costs and associated CO₂ emissions along with minimising the costs for CO₂ under the CRCEES.

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

11. Crime and Disorder Reduction Impact

11.1. The general improvement of the street lighting is expected to have a positive impact in the levels of crime and disorder.

12. Freedom of Information/Data Protection Considerations

12.1. There are no data protection issues arising from the Project.

12.2. 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 best interest to do so.

Contact Officers

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Background Documents:- None