Is it a key decision [ ]
(If it is, delegated power not available)

PORTFOLIO HOLDER DELEGATED DECISION

1. **Portfolio Holder**
   Mike Maryon, Cabinet Member for Highways and Transport

2. **Decision**
   a. That the proposed changes to the street lighting PFI delivery contract be noted.
   b. That the introduction of a county wide street lighting dimming strategy be approved.
   c. That the introduction of switching off street lights between midnight and 6am, when requested by local communities, be approved.

3. **Applicable delegated power of Portfolio Holder**
   General delegation to Portfolio Holders – Section 6 of the Constitution

4. **Background**
   **Street Lighting Private Finance Initiative (PFI) Contract Review**
   **Reasons for Recommendation**
   1. This report details the results of a review of the council’s 25 year street lighting contract. It summarises the results of an operational and technical assessment given the advancements in street lighting technology since the start of the Private Finance Initiative (PFI) contract in May 2003.
   2. HM Treasury has also called for councils to renegotiate PFI contracts to achieve better value for money for taxpayers. It has produced a guide for councils to identify and implement savings that will reduce costs while maintaining front line services.
   3. Once the measures have been fully implemented council savings of £8.3m should be achieved over the remaining term of the contract.
   4. In 1990 the county council set a target of reducing its CO₂ emissions by 80 per cent from 173,605 tonnes to 34,700 tonnes by 2050. The recommendations in this report will help the council to achieve this objective by reducing CO₂ emissions from street lighting by 3,000 tonnes over the next 16 years – the equivalent of removing 13,000 street lights. By reducing the council’s CO₂ emissions, savings would also be achieved against the Government’s CRCEES scheme (Carbon Reduction Commitment Energy Efficiency Scheme); however, it should be noted that this scheme is under review.

The Street Lighting PFI Objective
5. Before the street lighting PFI contract started in May 2003 Staffordshire County Council was responsible for around 99,000 street lights. With the average life of a street light being 25 - 30 years and with 24 per cent of the lighting units beyond repair, there was a risk that many of the street lights could fail. The annual investment budget of £650,000 was not sufficient to cover the cost or repairs so a longer term solution was developed.

6. Under the proposed terms of the agreement, the street lights will be modernised to make them more economical and more environmentally friendly.

7. The cost of delivering the PFI during 2010/11 was £9.23m, of which £2.63m was for electricity. The Government provides £1.54m per year to support the contract.

PFI Project Achievements

8. The PFI contract is primarily a maintenance agreement that includes a requirement to replace street lights as they reach the end of their serviceable life. As of February 2012 the contract had achieved the following:

- The installation of over 30,000 new street lights
- More than 98 per cent of street lights continuously lit
- Fault rates reduced by almost 50%

Contract Review

9. The contract has been in place for almost nine years and needed to be reviewed in line with recent advancements in street lighting technologies and advice from HM Treasury which actively promotes re-negotiating with contractors to secure better long term deals.

10. As a result, the council and its street lighting partner have looked again at the requirements of the PFI contract. The review focused upon the following criteria to achieve increased value for money for taxpayers:

- PFI delivery requirements and objectives;
- HM Treasury guidance;
- Street lighting innovations;
- Energy conservation

11. Applying the above assessment criteria and after a lengthy and in depth evaluation of the primary objectives of the PFI contract, the following proposals have been agreed:

<table>
<thead>
<tr>
<th>Item</th>
<th>Proposal</th>
<th>Benefit (£000)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.0</td>
<td>In accordance with HM Treasury Guidance</td>
<td></td>
</tr>
<tr>
<td>1.1</td>
<td>Modernise the service specification whilst maintaining front line services requirements.</td>
<td>3,780</td>
</tr>
<tr>
<td>1.2</td>
<td>Insurance – annual release of insurance gain share benefits.</td>
<td>573</td>
</tr>
<tr>
<td>2.0</td>
<td>Street Light Renewal Programme</td>
<td></td>
</tr>
<tr>
<td>2.1</td>
<td>Permit PFI partner to manage street light renewal programme on a risk managed basis.</td>
<td></td>
</tr>
<tr>
<td>3.0</td>
<td>Energy Conservation Measures</td>
<td></td>
</tr>
</tbody>
</table>
3.1 SCC and PFI partner to share inherent energy savings following street lighting renewal.

3.2 PFI partner to introduce dimming facilities for street lights included in the forward renewal plan (circa 26,000 units)

3.3 PFI partner to retrofit dimming facilities at previously renewed street lights (circa 15,000 units)

3.4 Those local communities which support the introduction of part night street lights, PFI partner offer to introduce the facility when included within the street light renewal programme (circa 3,200 units).

3.5 Those local communities which support the introduction of part night street lights where street lighting renewal has already occurred, PFI partner offer to retrofit the facility (circa 3,200 units).

4.0 Miscellaneous Items

4.1 PFI partner to paint all columns to be renewed within conservation areas.

4.2 Inventory Management System – system managed by PFI partner and procured by the council. Procurement fee refund.

Total Benefit Over Contract Term *8,296

Table 1.0 Agreed PFI Delivery Proposals

* Items 3.4 and 3.5 will be subject to a formal request on behalf of local communities and will not be imposed by the county council. The take up for part night switching may therefore be lower than the figures quoted and have therefore not been included in the ‘Total Benefit Over Contract Term’.

Benefits to the county council

12. The benefits to the council are significant with direct savings estimated at £7.95 million plus additional benefits to contract in the region of £0.74 million over the remainder of the period (May 2012 to May 2028).

13. In relation to the Medium Term Financial Strategy (MTFS) it is anticipated that the projected savings, detailed in Table 2.0, can be achieved from April 2012 to March 2017 and will be in the region of £2.5 million. It should be noted that the figures for the financial years 2013 to 2017 incorporate indexation as applied to the PFI contract i.e. 75 per cent of RPIX and has been estimated at four per cent per annum over this period. These projected savings have therefore been incorporated into the current MTFS and will be used to support the increased levels of investment in highway maintenance.

<table>
<thead>
<tr>
<th>Financial Year</th>
<th>Estimated Saving</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012 to 2013</td>
<td>£449,407</td>
</tr>
<tr>
<td>2013 to 2014</td>
<td>£450,921</td>
</tr>
<tr>
<td>2014 to 2015</td>
<td>£496,636</td>
</tr>
<tr>
<td>2015 to 2016</td>
<td>£516,999</td>
</tr>
<tr>
<td>2016 to 2017</td>
<td>£552,015</td>
</tr>
<tr>
<td><strong>Total MTFS Savings</strong></td>
<td><strong>£2,465,978</strong></td>
</tr>
</tbody>
</table>

Table 2.0 Projected MTFS Savings

14. Additional benefits will be gained from the introduction of the proposed energy conservation measures detailed in Table 1.0. The current estimate for the volume of carbon emissions as a consequence of the county’s street lighting is 18,121 tonnes CO₂ and accounts for 17 per cent of the county council’s total volume of reportable emissions. It has been estimated that once the proposals have been fully implemented the energy conservation measures will reduce emissions specific to street lighting by 3,000 tonnes CO₂. The council’s required reduction by 2016/17 (to stay on the 2050 curve) is 22,517 tonnes from 10/11; therefore these measures would contribute 7.5 per cent of this reduction.

15. By reducing the councils CO₂ emissions savings could also be achieved against the Government’s CRCEES (Carbon Reduction Commitment Energy Efficiency Scheme). The energy from street lighting is currently exempt from the requirements of the scheme;
however, it is under review and if the council’s street lighting is subsequently incorporated then any reduction in CO\textsubscript{2} emissions will be of financial benefit to Staffordshire.

Consultation

16. Consultation was undertaken in respect of the proposal to dim street lights. To validate the proposal in March 2010 some of Staffordshire’s street lights were dimmed from 8pm to 6am to 65 per cent of full brightness. The trial coincided with PFI planned renewal works and involved the installation of dimming equipment within 59 street lights.

17. Using specialist street lighting technologies the county was able to meet the legally required lighting levels during peak traffic times and then dimming the lights when the roads were quieter, after 6.30pm.

18. With regard to the county wide implementation of a street light dimming strategy the following stakeholders were consulted:

- Head of Road Safety and Sustainable Travel;
- Commissioner for Community Safety;
- Police - Local Policing Commander.

19. The council’s Head of Road Safety and Sustainable Travel raised no concerns or objections to the recommendations contained in this report. The Commissioner for Community Safety supported the content and made reference to evidence from other local authorities within the UK where there has been no recorded increase in crime as a result of this type of initiative. The Local Policing Commander did not wish to raise any objections to the dimming proposal.

20. Public consultation has been undertaken using the council’s ‘People’s Panel’. When asked how far they agreed or disagreed that Staffordshire County Council should do the following the results were:

- Aim to reduce its energy bill – 98 per cent either, agree strongly / agree / neither agree nor disagree
- Find ways to reduce carbon emissions – 94 per cent either, agree strongly / agree / neither agree nor disagree
- Dim street lighting from late evening to early morning - 82.3 per cent either, strongly agree / agree / neither agree nor disagree

21. The decision to progress the introduction of a county wide street lighting dimming strategy has been guided by best practice and the real world experiences of authorities that have already implemented either part night switching and/or dimming strategies. The general consensus from these authorities is that dimming is the most sensible way forward.

22. With regard to the introduction of part night switching, this option will be led by the wishes of local communities via the localism agenda and will not be imposed by the council. Parish council’s will be notified of the facility to permit the introduction of part night street lights with each request assessed on an individual basis.

5. Alternative options considered
During the preliminary stages of the PFI contract review the option of part night switching street lights was considered. This option was not considered to be appropriate for the Council and it is recognised nationally that dimming is the preferred publically acceptable solution for the purpose of energy conservation. However, there are communities within the County which may consider the introduction of part night switching and therefore if such an agenda is fully supported by the respective Parish Council then the option can be provided. This will be a local decision under the localism agenda and to confirm the part night switching of street lights will not be imposed by the County Council.

### 6. Community Impact Assessment

<table>
<thead>
<tr>
<th>Impact Assessment</th>
<th>Degree of impact and signpost to where implications reflected</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assessment next to Outcomes and impact areas</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Prosperity, knowledge, skills, aspirations</strong></td>
<td>neutral</td>
</tr>
<tr>
<td><strong>Living safely</strong></td>
<td>neutral</td>
</tr>
<tr>
<td><strong>Supporting vulnerable people</strong></td>
<td>neutral</td>
</tr>
<tr>
<td><strong>Supporting healthier living</strong></td>
<td>+ve</td>
</tr>
<tr>
<td><strong>Highways and transport networks</strong></td>
<td>neutral</td>
</tr>
<tr>
<td><strong>Learning, education and culture</strong></td>
<td>neutral</td>
</tr>
<tr>
<td><strong>Children and young people</strong></td>
<td>neutral</td>
</tr>
<tr>
<td><strong>Citizens &amp; decision making/improved community involvement</strong></td>
<td>+ve</td>
</tr>
<tr>
<td><strong>Physical environment including climate change</strong></td>
<td>+ve</td>
</tr>
</tbody>
</table>
**Maximisation of use of community property portfolio**

<table>
<thead>
<tr>
<th></th>
<th>neutral</th>
<th>No impact</th>
</tr>
</thead>
</table>

**Equality impact**

<table>
<thead>
<tr>
<th></th>
<th>neutral</th>
<th>No impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>Age</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Disability</td>
<td>neutral</td>
<td>Dimming will only be applied to street lighting systems where the street lights have been renewed.</td>
</tr>
<tr>
<td>Ethnicity</td>
<td>neutral</td>
<td>No impact</td>
</tr>
<tr>
<td>Gender</td>
<td>neutral</td>
<td>No impact</td>
</tr>
<tr>
<td>Religion/Belief</td>
<td>neutral</td>
<td>No impact</td>
</tr>
<tr>
<td>Sexuality</td>
<td>neutral</td>
<td>No impact</td>
</tr>
</tbody>
</table>

**Impact/implications**

**Resource and Value for money**

In consultation with finance representative

The requested contractual changes will achieve savings against the annual cost of the street lighting PFI contract in the region of £500,000.00 per annum. There are no resource implications upon the council.

**Risks identified and mitigation offered**

From corporate risk register categorisation

Risk – Service delivery requirements
Mitigation – All risks associated with the delivery of the street lighting maintenance service reside with the street lighting partner.

Risk - Dimmed street lights. Public placed at increased safety risk due to reduced lighting levels.
Mitigation - The dimming of street lights will only be applied to streets that have had their street lights upgraded to current design standards. The time periods for dimming have been specifically chosen so as to maintain highway safety standards.

Risk – Part night switched street lights. Public placed at increased safety risk due to part night switching off of street lights.
Mitigation – The council does not seek to introduce part night street lights, however, if local communities wish to benefit from this facility then the option will be made available to those communities. Switch off time periods and a stringent exemption criteria will be applied to requests for part night switching to ensure highway safety standards are maintained.

**Legal imperative to change**

In consultation with legal representative

- There is no statutory duty for a highway authority to provide street lighting.
- There is no legal imperative to change the PFI contractual requirements or the council’s street lighting operational policy. Consultation with the council’s legal representatives will however be required to document the street lighting PFI contractual changes.

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### 7. Consultees

<table>
<thead>
<tr>
<th>1. Director of Law and Democracy</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>09/05/12</td>
</tr>
</tbody>
</table>
8 (a) **Portfolio Holder’s decision**

Signature of Portfolio Holder…Mike Maryon

Date 16 May 2012…

(b) **Portfolio Holder’s recommendation of urgency**

If the matter is urgent – why?

Signature of Chairman of Corporate Review Committee ……………………………

Date ……………………………

14. **Background documents**

1. Street Lighting PFI – Service Delivery Review – Report of the Director for Place and Deputy Chief Executive presented to Enterprise, Environment and Transport Scrutiny Committee 1\textsuperscript{st} May 2012.
2. HM Treasury – Making Savings in Operational PFI Contracts (July 2011).

15. **Date notified to Director of Law and Democracy**

Date…………………

<table>
<thead>
<tr>
<th>Date of Decision Made</th>
<th>Deadline for Call in</th>
</tr>
</thead>
<tbody>
<tr>
<td>16 May 2012</td>
<td>21 May 2012</td>
</tr>
</tbody>
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