

<p style="text-align: center;">London Borough of Hammersmith & Fulham</p> <p style="text-align: center;">CABINET</p> <p style="text-align: center;">6 JUNE 2016</p>	
<p>STREET LIGHTING CONTRACT EXTENSION</p>	
<p>Report of the Cabinet Member for Environment, Transport & Resident Services - Councillor Wesley Harcourt</p>	
<p>Open Report</p>	
<p>Classification - For Decision Key Decision: Yes</p>	
<p>Wards Affected: All</p>	
<p>Accountable Director: Mahmood Siddiqi, Director for Transport and Highways</p>	
<p>Report Author: Anvar Alizadeh Highways Structures Group Manager</p>	<p>Contact Details: Tel: 0208 753 3033 E-mail: anvar.alizadeh@lbhf.gov.uk</p>

1. EXECUTIVE SUMMARY

- 1.1. The public lighting maintenance term contract expired on 31st March 2016. Submission of this report was delayed due to the extensive time spent in evaluating cost effectiveness of the City of Westminster's framework contract for this service and extended discussions with the incumbent contractor to ensure extension of the existing contract would not impact the available budget allocation for this service .
- 1.2. The Council originally intended to use the Westminster City Council's framework Contract (as we are doing with highway maintenance) but assessment of the rates for this service showed that the Westminster's framework contract is not cost effective. As such officers are recommending to extend the Street Lighting contract with the incumbent contract by one year and join the framework contract with the Royal Borough of Kensington and Chelsea (RBKC).
- 1.3. This report seeks the Cabinet's approval to grant a one year extension to the contract to align both borough's procurement timescales and with the Royal Borough of Kensington and Chelsea (RBKC) and further explore opportunities for allowing new technologies in the new contract.

- 1.4. A separate report has been submitted to the cabinet seeking authority to replace existing lighting with LED fittings which once approved will update the lighting asset of the borough with the most recent lighting technology. The new RBKC's framework contract will accommodate maintenance of the updated lighting system and include other facilities like Wi-Fi, air quality and CMS systems.

2. RECOMMENDATIONS

- 2.1. That the option of one-year extension of the public lighting maintenance contract until 31 March 2017 with Bouygues Energies & Services Infrastructure UK Ltd be approved. (i.e. option 3 of section 6.0 below).

3. REASONS FOR DECISION

- 3.1. A separate report has been submitted to the Cabinet for replacing the lamp columns with LED lighting which once approved will upgrade the lighting assets of the borough in line with the current technology.
- 3.2. The extension of the contract by one year would enable inclusion of provisions of new lighting technology within the new framework contract being drafted by the Royal Borough of Kensington and Chelsea (RBKC) that is planned to be effective as of April 2017.
- 3.3. A similar recommendation was presented to and approved by the relevant Cabinet Member in Royal Borough of Kensington & Chelsea for the street lighting contract.
- 3.4. The maintenance of street lighting is a key function of the council and a decision must be made to enable the officers to deliver this service. The officers consider the recommended option to be the best one available given this facility is permitted within the current contract.

4. INTRODUCTION AND BACKGROUND

- 4.1. The London Borough of Hammersmith & Fulham awarded its Public lighting contract in 2012 to Bouygues Energies & Services Infrastructure UK Ltd. The contract was advertised in the OJEU and was noted within the contract for a period of 34 months with the provision to grant up to three consecutive extensions of 12 months in total. The contract value is approximately £750k per annum respectively, agreed by contractor. In December 2014 a paper was presented by the Director for Transport and Highways which set out the future highways works contracts. It was agreed as part of that paper to extend the existing highway street lighting contract by an additional year in line with the terms of the contract.
- 4.2. The highway Street Lighting Contract has now expired, but the provisions of extending the contract by one year is still possible and the incumbent contractor has agreed to extend. This paper sets out the options available to ensure service continuity and best value for the Council

5. PROPOSAL AND ISSUES

- 5.1. The London Borough of Hammersmith & Fulham has traditionally awarded separate term contracts for various types of work on the highway. The contracts are competitively tendered and this arrangement ensures that our contractors are responsive to our work programme and fully familiar with the standard of workmanship expected within the London Borough.
- 5.2. The paper presented in December 2014 set out the future highway works contracts, and recommended that as well as granting an extension to our existing contracts, the London Borough of Hammersmith & Fulham should potentially consider accessing the framework agreement let by Westminster City Council (WCC).
- 5.3. WCC let a number of Highway related framework agreements in 2014; Lot B of which related to Public Lighting. An independent analysis of Lot B concluded that it should not be called off at this stage as the contract rates do not adequately reflect the workmanship and material required neither at Hammersmith & Fulham nor in the Royal Borough (with whom a shared highways function exists). The report also recommended in this fiscal year, we monitor the performance and costs of using the Westminster's framework contractor in order to take a view next year whether to continue to call off Westminster's framework contract or let our own contract for highway works.
- 5.4. We have subsequently continued to explore the WCC framework in comparison and running parallel with our existing contracts as recommended in the previous paper. We have concluded the following:
- 5.5. As WCC framework contract route would not be cost effective, extension of the existing contract by one year would allow alignment of the LBHF's contract procurement with RBKC who are planning for a framework contract to be in place by April 2017.
- 5.6. Furthermore, the technology in lighting and ICT is moving forward and by extending the current contract and aligning LBHF's procurement with RBKC's framework contract, opportunities can be explored to include for the new technologies (i.e. Wifi, Air Quality and Control Management Systems) in the proposed RBKC's framework contract.
- 5.7. The opportunities for social value, local economic and community benefits together with demonstrate recruitment local people and local services for delivery of the Service will be explored as part of the new RBKC contract.
- 5.8. The WCC framework contractor has not been able to provide the service and expertise expected for our highway works

6. OPTIONS AND ANALYSIS OF OPTIONS

- 6.1. **Option 1- Do nothing.** The Highway Lighting Maintenance contract has now expired which will affect the department's ability to deliver our services in

particular the public lighting maintenance programme and capital projects after March 2016. We have assessed Transport for London's LoHAC and WCC's framework contract and concluded these would not be beneficial for these services at present in the Royal Borough.

- 6.2. **Option 2- Retender the contract that expires in 2016.** Continued analysis of the existing framework and the future direction of WCC framework have meant that the shared services highways function are not in a position to repackage the sovereign borough contracts in time for April 2016. In the absence of calling off from the Lot B of the WCC framework agreement the only other option has been to consider another framework agreement that is open to London boroughs. Currently no other suitable framework contract is available for LBHF to sign to.
- 6.3. **Option 3- Extend the Public Lighting Maintenance contracts that finishes in 2016 by one year.** There is an optional provision in the existing contracts to award an extension. This will allow time for a new contractual arrangement to be developed by RBK&C which could also be utilised by both councils (LBHF & RBK&C) and accommodate for provision of technological advances in the contract.

7. CONSULTATION

- 7.1. Not applicable. No consultation is required. This is a contractual matter.

8. EQUALITY IMPLICATIONS

- 8.1. There are no equality implications in this report

9. LEGAL IMPLICATIONS

- 9.1. The Director of Legal Services comments that the Council may extend a Contract in accordance with its advertised terms. The Highways Department has advised that the contract was advertised in OJEU and that the advert included an option for an extension of up to twelve months. This is compliant with Regulation 72 (1) (a) of the Public Contracts Regulations 2015 which allows for a contract to be extended where such an extension was provided for in the original procurement documents
- 9.2. The contract extension may be approved by Cabinet in accordance with CSO 20.3 (c) (total value of variation is £100,000 or more).
- 9.3. Implications verified/completed by: Margaret O'Connor, Senior Solicitor, Tri-Borough Legal Service (tel: 020 7641 2782)

10. FINANCIAL AND RESOURCES IMPLICATIONS

- 10.1. This contract is paid for by revenue and capital budgets within TTS which will continue to be the case. Other departments also call on the services provided for in this contract and have their own budgets in place to do this.

- 10.2. An extension of the contract will therefore have no financial implications for the Council.
- 10.3. Implications verified/completed by: (Gary Hannaway, Head of Finance, Telephone No. 0208 753 6071).

11. IMPLICATIONS FOR BUSINESS

- 11.1. There are no opportunities for local businesses to bid or get involved when extending this contract for one year.
- 11.2. However, the new contract being currently drawn up by RBKC which will be called on when existing contract expires should include provisions for social value, local economic and community benefits.
- 11.3. The new RBKC contract in final draft has broken down the scope of works to 6 smaller lots to enable bids from SMEs and 3rd sector organisations giving opportunities to local businesses to tender for the contract.
- 11.4. One of the criteria to be considered as part of the new RBKC contract would for tenderers to demonstrate recruitment local people and local services for delivery of the Service
- 11.5. Implications verified by: Antonia Hollingsworth, Principal Business Investment Officer, Tel.: 020 8753 1698

12. RISK MANAGEMENT

- 12.1 As Highway Authority, the Council have power under the Highways Act 1980 to provide lighting, while also having a duty of care to prevent danger to road users. Management of our Statutory Duty is noted on the Bi-Borough Enterprise Wide Risk Register as risk number 6, including the subsidiary risks, non-compliance with laws and regulations, and breach of duty of care. Our duty to prevent danger to road users is fulfilled by undertaking an annual replacement and maintenance programme to minimise risks to the Council and road users
- 12.2 Details of our asset inventory, including asset history, are stored in the Council's database system
- 12.3 Implications verified/completed by: Dean Wendelborn, Principal Street Lighting Engineer, Tel: 020 8753 1151

13. PROCUREMENT IMPLICATIONS

- 13.1 There are no procurement related issues as the existing contract has provision for optional extensions. The Commercial & Procurement Team will be working with

the shared services highways department with view to tendering new arrangements to begin in April 2017.

- 13.2 Implications verified/completed by: Alan Parry, Interim Head of Procurement (Job-share) – telephone 020 8753 2581.

13. IT STRATEGY IMPLICATIONS

- 13.1 There are no IT Strategy implications in extending this contract for one year.
- 13.2 The new contract being currently drawn up by RBKC which will be called on when existing contract expires should include the ability to deliver new technology attached to street furniture as this technology matures, such as WiFi and Internet access. The direction of travel is that street furniture is likely to be involved in the Internet of Things style data collection in the future.
- 13.3 The scope of the new RBKC contract procurement should review extending the procurement to WCC which would deliver the potential of future convergence on similar street furniture technology across all three councils.
- 13.4 Implications verified/completed by: Veronica Barella, Head of Business Partnering, Shared ICT service. Tel x2927

LOCAL GOVERNMENT ACT 2000 **LIST OF BACKGROUND PAPERS USED IN PREPARING THIS REPORT**

No.	Description of Background Papers	Name/Ext of holder of file/copy	Department/ Location
	None		

LIST OF APPENDICES: None