

<p style="text-align: center;">London Borough of Hammersmith & Fulham</p> <p style="text-align: center;">CABINET</p> <p style="text-align: center;">8 MAY 2017</p>	
<p>STREET LIGHTING CONTRACT</p>	
<p>Report of the Cabinet Member for Environment, Transport & Resident Services - Councillor Wesley Harcourt</p>	
<p>Open Report</p> <p>A separate report on the exempt part of the Cabinet agenda provides exempt information</p>	
<p>Classification - For Decision Key Decision: Yes</p>	
<p>Wards Affected: All</p>	
<p>Accountable Executive Director: Mahmood Siddiqi, Director for Transport and Highways</p>	
<p>Report Author: David Kiteley Street Lighting & Signs Manager</p>	<p>Contact Details: Tel: 0208 753 3156 E-mail: dave.kiteley@lbhf.gov.uk</p>

1. EXECUTIVE SUMMARY

- 1.1 The current public lighting maintenance term contract extension expires on 31st March 2017. This submission requires cabinet to make a decision as to how the street lighting service is to be sustained for the financial 2017/18 and beyond.
- 1.2 The framework Contract (as we are doing with highway maintenance) but assessment of the rates for this service showed that the Westminster's framework contract was not cost effective or compatible with LBHF specification. As such officers recommended to extend the Street Lighting contract with the existing contractor by one year (Bouygues Energies and Services), looking to assess the RBKC framework contract being procured to start in April 2017. The RBKC framework has now received cabinet approval, but this has meant delaying our report until this had been approved.

2. RECOMMENDATION

- 2.1. This report seeks the Cabinet's approval to join the RBKC framework contract (5 years +1+1+1 Total 8 years) following a limited 6 months' extension to the current term maintenance contract. The extension requirement is due to the later than anticipated award of the RBKC framework contract. LBHF joining RBKC framework will improve efficiencies for LBHF by align both borough's street lighting service teams. There are no requirements for LBHF works undertaken by the framework contractor needing approval by RBKC.
- 2.2. To note that having undertaken a cost evaluation of the new RBKC framework contract, against the current extended street lighting term contract, further analysis of City of Westminster's framework contract and limited comparison to the Lohac framework contract where comparable prices exist, the new RBKC framework results in marginal savings of £13,000 in comparison with the current contract. Four options and outcomes are outlined in this report.

3. REASONS FOR DECISION

- 3.1 Having previously explored the feasibility of LBHF using the platform of the current City of Westminster framework contract and Lohac framework contract for street lighting. It was concluded that both options were not cost or specification effective solutions for LBHF.
- 3.2 The existing term maintenance contract can be extended into its final year, again this is not a cost effective solution based on the RBKC framework contract schedule of rates. This framework has now been sanctioned by RBKC cabinet.
- 3.3 The New RBKC framework offers the overall best value, having undertaken direct comparisons with
 - 3.3.1 City of Westminster framework contract.
 - 3.3.2 Extending LBHF existing term maintenance contract.
 - 3.3.1 London wide Lohac framework contract (Limited Schedule of Rates exposure).
- 3.4 The maintenance of street lighting is a key highways 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 value option available in the current climate.
- 3.5 Should however, LBHF wish to pursue its own contract procurement strategy within the next year, the likelihood is that contract prices will mirror those currently on offer within the RBKC framework contract. With the likelihood of the same incumbent contractor.

4. INTRODUCTION & 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.
- 4.2 The existing street lighting term contract was extended in April 2016 for 1 year, this extension now expires on 31st March 2017, the contract can be extended by a further year.
- 4.3 LBHF had originally intended to use the Westminster City Council's framework Contract for the financial year 2016/17 (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 recommended to extend the existing term maintenance contract, which was approved in March 2016.
- 4.4 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 contract, LBHF should consider accessing the framework agreement let by Westminster City Council (WCC).
- 4.5 WCC let a number of Highway related framework agreements in 2014; Lot B of which related to Public Lighting. An 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 for LBHF. neither in LBHF or RBKC (with whom a shared highways function exists). This report also recommended for the fiscal year 2016/17, we monitor the performance and costs of using the Westminster's framework contract in order to take a view for 2017/18, whether to continue to call off Westminster's framework contract or let our own contract for highway works, or join the RBKC framework contract.
- 4.6 Having further evaluated the competitiveness and cost effectiveness of the current extended term contract against, cost comparison with existing established frameworks; the new RBKC framework contract where Hammersmith & Fulham are named, offers the best overall position for LBHF to move forward with street lighting as a contracted service. This RBKC framework contract has been approved by cabinet. Additionally, further options are listed for the street lighting service below.

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 our Borough.

- 5.2 We have subsequently continued to explore the WCC framework and Lohac framework as comparison, running parallel with our existing contracts as recommended in the previous paper. We have concluded the following:
- 5.3 As the WCC framework contract route would not be cost effective, the extension of the existing street lighting term maintenance contract for one year was agreed in March 2016. This would allow alignment of the LBHF contract procurement with RBKC.
- 5.4 RBKC's framework contract exercise has now been approved by Cabinet, to be in place as soon after the 1st April 2017 as is practical. LBHF are named as a potential participating authority.
- 5.5 The RBKC framework contract specification is fully inclusive of LBHF requirements, specification and equipment currently used within LBHF. The underlying background and guiding principles of this contract are completely in line with LBHF own competitive contract procurement strategy. The nominal value of this contract is £4.8M over the term of the framework.

6. OPTIONS AND ANALYSIS OF OPTIONS

- 6.1 **Option 1- Do nothing.** The Highway Lighting Maintenance term contract extension expires on the 31st March 2017. In not agreeing to officer's recommendations, this will affect the department's ability to deliver the street lighting service, in particular, the public lighting maintenance programme and capital projects after March 2017.
- 6.2 We have assessed Transport for London's Lohac, and WCC's framework contract, and concluded these would not be cost effective or beneficial for the LBHF street lighting service to pursue.
- 6.3 **Option 2- Extend the existing Public Lighting Maintenance contract that finishes in March 2017 by one more year.** There is an optional provision in the existing contract to award a further one-year extension, using the existing contract rates
- 6.4 **Option 3- Extend the existing Public Lighting Maintenance contract that finishes in March 2017 by one more year and retending.** Continued analysis of existing framework contracts has concluded that these are not cost effective for LBHF. The RBKC framework contract does offer a cost effective comparison when aligned against WCC framework and LoHAC. It is however possible to extend the existing term maintenance street lighting contract and for LBHF to undertake an individual procurement exercise. This will incur costs estimated at £45K, which in officer's opinion will be wasted money, as in understanding our market place, we would expect the same outcome as RBKC strategy.

- 6.5 **Option 4 - Join RBKC framework contract.** The new RBKC framework contract which includes street lighting, offers the best current value on the open market. In comparison table you will see that there is a £13,000 saving against the current rates offered by the current contractor. However, there are additional benefits in terms of efficiency as the contractor for the New RBKC Framework FM Conways already uses the confirm system and will mean a seamless transition including utilising the new mobile solution incorporated into the Confirm system which will improve fault resolution, night scouting and inventory reporting.
- 6.6 FM Conways have confirmed their commitment in the contract to when selecting suppliers, that their selection process takes into consideration local suppliers, support of the local economy, local needs and contract specific requirements. By doing this they are able to and deliver value to the contract by retaining local knowledge and driving employment opportunities. They have established an apprenticeship scheme that is open to local schools in the area. They have confirmed a commitment to actively seek recruits from the boroughs young people on to their apprenticeships.
(Officers Recommend this option)

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. TUPE arrangements. Should LBHF join the framework arrangement, TUPE requires verification as the originators of the contract provision is RBKC.
- 9.4. Implications verified/completed by: Margaret O'Connor, Senior Solicitor, Shared 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 within this contracts procurement.
- 11.2. However, this new RBKC framework contract, 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 this new RBKC contract would be for tenderers to demonstrate recruitment of local people and local services for delivery of the Service where appropriate.

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.

14. IT STRATEGY IMPLICATIONS

- 14.1. There are no IT Strategy implications in joining the RBKC framework contract.
- 14.2. 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.
- 14.3. 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.
- 14.4. 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:

Appendix 1. Attached lighting cost comparison - Contained in the exempt report on the exempt Cabinet agenda