

1. Recommendations:

The Committee is asked to note

1. the performance of Skanska Laing (SKL, the Service Provider) for June 2012 to August 2012.
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 June 2012 – August 2012.

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 Completion Date	Total Lighting Points removed
	6 months after planned service commencement date	207
	12 months after planned service commencement date	3,107
	18 months after planned service commencement date	7,148
	24 months after planned service commencement date	12,009
	30 months after planned service	16,8

	commencement date	85
	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

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

Month	June	July	August
Cumulative lighting points removed	1399	1867	2473
Growth by month	104	468	606

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.

A key aspect of this performance standard is a requirement to undertake a programme of structural and electrical testing of all lighting points that are not planned for replacement in the first year of the CIP. These surveys were required to be completed within six months of service commencement, i.e. by the end of January 2012, and this target deadline was achieved successfully.

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

		August 2012	July 2012	June 2012	May 2012
(Y)	# occasions not In Light	739	795	920	1,298
(T)	# Lighting Points	57,195	58,651	51,006	60,985
^A / _B	In Light **	98.708%	98.645%	98.196%	97.872%
	In Light:	98.355%			

1.4. 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

3.4.2 The table below illustrates the performance for emergency and non – emergency faults for the period of March to May:

Fault Type	Number of occasions					
	In time			Out of time		
	Jun	Jul	Aug	Jun	Jul	Aug
Emergency faults	183	129	122	1	2	0
Non-Emergency Faults	1664	1490	1488	10	8	10

1.5. 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).

Number of calls			Prescribed response period
Jun	Jul	Aug	
824	814	1115	= # calls received by call centre / emergency phone line
794	790	1075	= # answered by a trained call agent within 25 seconds
96.36%	97.05%	96.41%	= % answered by a trained call agent within 25 seconds

1.6. 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.

1.7. 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:-



Number of faults (June)

F				N
U	<p>Any Service Failure that:</p> <ul style="list-style-type: none"> (a) poses a material risk to life; or (a) poses a material risk of damage to person and/or property; or <p>poses a material risk of significant financial loss and/or disruption to the Authority</p>	1	1	0
S	<p>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.</p>	0	0	0
	<p>Any Service Failure that is not immediately detrimental or likely to lead to a Serious</p>			

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.

N.B Reason for high routine service faults in August (715) was for service provider working without authorized LoPS permit in one road in borough of Croydon.

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.

3.9. 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 variable light levels which can be applied remotely, 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.

To date there are 507 lighting points connected to the Central Management System.

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

- 6.1 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.

6.2 The budget for the year is as set out in the PFI financial model and amounts to £11,443,994 for 12/13. 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 (£5,440,330) and PFI grant (6,003,604).

(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 quarter.
- 7.5. There are no legal implications arising from this report

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

8. Human Resources Impact

- 0 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 CO₂ reduction (25% by 2015) from local authority operations and support the borough wider climate change mitigation target.
- 11.3 Croydon and Lewisham have both registered with the Environment Agency to participate in the mandatory Carbon Reduction Commitment energy efficiency scheme (CRCEES). Recent changes to this scheme mean that from 2012 organisations will have to pay carbon tax to the government to cover their carbon emissions/energy consumption. Initially these will cost £12 per tonne, but future price will be determined by the government as part of the budget process and could be as high as £16/tonne.
- 11.4 Currently the street lighting supply is an un-metered supply (UMS) and not included in the scope of the CRCEES but it has been proposed in the current consultation that street lighting should be included in CRCEES. The CMS functionality will not only help achieve CMEEP target, but will also save money on energy consumption and help to reduce the extra cost of carbon tax once street lighting is included in CRCEES.

(Approved by; Muhammad Ali, Carbon Reduction Officer, on behalf of 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.

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Background Documents

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