

Cabinet & Executive Template

Key communications Implications (Informal Cabinet only)	
--	--

REPORT TO:	Croydon & Lewisham Joint Street Lighting Committee
SUBJECT:	The Joint Street Lighting PFI Update
LEAD OFFICER:	Croydon: Executive Director of Place Lewisham: Executive Director for Housing, Regeneration and Public Realm.
CABINET MEMBER:	Croydon: Councillors Scott Roche and Robert Ward Lewisham: Councillors Louise Krupski and Amanda De Ryk
WARDS:	All

SUMMARY OF REPORT:

This report advises the Committee of the overall performance of the service provider during September 2021 – August 2022.

COUNCIL PRIORITIES:

Croydon:

The last adopted corporate priorities of the Council were adopted in November 2020 (administration priorities for the renewal plan) these corporate priorities have been superseded with the May 2022 election result. The priorities of the new administration (Mayor) have yet to be formally adopted by Council.

Lewisham

Lewisham Council's corporate priorities of making Lewisham greener and building safer communities.

FINANCIAL IMPACT:

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.

KEY DECISION REFERENCE NO: N/A

RECOMMENDATIONS:

The Committee is asked to:

- Note the performance of Service Provider in respect of the street lighting PFI for September 2021 - August 2022
- Approve the proposed unitary charges for 2022/3 of £2.765m for Croydon and £1.555m for Lewisham (based on a 64% to 36% split)
- Approve the forecasted contract management and monitoring costs for 2022/23 of £145,000 for Croydon and £81,000 for Lewisham (based on 64% to 36% split).

Actions from last meeting: 14 October 2021

- Future workshops to be arranged with Milestone to seek reduction in installation costs for LED lanterns to become a viable solution for each Authority so that payback period is under 5 years.

Note:

Upon further discussions with Milestone both Authorities have not reached an agreement with Milestone to introduce an LED solution as the payback period is too long. The Authority wanted no more than 3 years but proposal is for a 7 year payback.

- JA asked to add figures for each individual ward for annual programme.

Note:

Details included within 2021/2 report.

2. EXECUTIVE SUMMARY

- 2.1 This report advises the Committee of the overall performance of the service provider during September 2021 – August 2022.

3. DETAIL

Operational Performance Standards Overview

- 3.1 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 the Output Specification 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.
- 3.2 The service provider shall perform the service in accordance with the following performance standards:

PS1 – Core Investment Programme.

- 3.3 The service provider designed and installed new apparatus during the five-year Core Investment Programme (CIP) across both councils to the current British Standards and contract specification. The Core Investment Programme was completed 31 October 2016. The Croydon Public Lighting Network Cable has been de-energised and abandoned by UKPN. The old stumps that were previously keeping the Public Lighting Network Cable functioning have been completely removed.

PS2 - Planned Maintenance, Inspection and Testing.

- 3.4 This performance standard covers planned maintenance, inspection and testing of street lighting equipment. Routine scouting of all streetlights (including CMS) is undertaken and the performance is measured over a four-month period.
During the period September 2021 – August 2022 the following wards were completed as part of the Annual Programme:

Bulk Clean and Change & Electrical Testing (Columns Y1)

Lewisham: Forest Hill(860), Sydenham(899), Lewisham Central(931), Rushey Green(840).

Croydon: Addiscobme(682), Bensham Manor(565), Fairfield(1497), Selhurst (888), Woodside(929), Croham(1416).

Total Assets: 9507 across both boroughs.

Electrical Testing Signs (Signs Y2)

Lewisham: Lewisham Central(161), Rushey Green(101),

Croydon: Bensham Manor(134), Fairfield(432), Selhurst(199), Woodside(215), Croham(285).

Total Assets: 1527 across both boroughs.

Signs Clean only (Y2)

Lewisham: Rushey Green(90), Lee Green(125), Ladywell(52), Evelyn(152), Telegraph Hill(125), New Cross Gate(94), Downham(141), Whitefoot(48).

Croydon: Coulsdon East(62), Coulsdon West(228), Kenley(34), Sanderstead(109).

Total Assets: 1260 across both boroughs

Visual Inspections (Y1)

Lewisham: Catford South(582), Forest Hill(870), Sydenham(902), Blackheath(1026), Grove Park(721), Crofton Park(682).

Croydon: New Addington(739), Bensham Grove(1297), Norbury(749), South Norwood(825), Thornton Heath(835), Upper Norwood(1004), Waddon(1149), West Thornton(798).

Total Assets: 12,179 across both boroughs.

The service provider continues to deliver a good standard of performance within this performance standard. Joint site inspections are carried out between client monitoring team and service provider to verify works have been completed. A joint site inspection was carried out in July 2022 which identified a small road was missed as part of the annual cleaning programme, which resulted in a financial adjustment that was applied in June 2022 Monthly Payment Report.

Note: The boundaries in Lewisham changed in May 2022, therefore New Cross and Whitefoot no longer exist and will be amended for 2022/23 report.

- 3.5 The table below illustrates the overall performance over the last 12 months for lights in light. The service provider continues to perform at a high standard

Cabinet & Executive Template

and has achieved the required level of 99% lights throughout this period, therefore no financial adjustment has occurred within this performance standard.

	August 2022	July 2022	June 2022	May 2022
(Y) # occasions not In Light	202	146	130	119
(T) # Lighting Points	46,850	46,850	46,850	46,850
^A / _B In Light **	99.569%	99.688%	99.723%	99.746%
In Light:	99.681%			

	April 2022	March 2022	February 2022	January 2022
# occasions not In Light	120	142	137	225
# Lighting Points	46,850	93,700	93,700	93,700
In Light **	99.744%	99.848%	99.854%	99.760%
In Light:	99.801%			

	December 2021	November 2021	October 2021	September 2021
(Y) # occasions not In Light	122	194	205	181
(T) # Lighting Points	93,700	93,700	46,850	46,850
^A / _B In Light **	99.870%	99.793%	99.562%	99.614%
In Light:	99.710%			

- 3.6 Client monitoring team continue to carry out its own shadow night scouts to verify the quality of the service providers night scouts and to review all vehicle tracker reports. The accuracy of the Central Management System is also validated.

The client monitoring team continue to carry out night and day site checks to verify that all car park, subway and housing assets are operating correctly. Management Information system used to verify all findings. All column outages are reported via City Touch on the Central Management System.

The service provider continues to deliver a good standard of performance within this performance standard. Joint site inspections carried out between client monitoring team and service provider to verify works have been completed.

Service provider still scouting for illuminated signs out of light, doors off, damaged sign plates, twisted sign lights or any other maintenance issues to any other attachments. Service provider continues to night scout at their own discretion. All car parks and subways where fittings do not have the capacity for nodes to be connected to the CMS are being scouted in the day time as these are operational 24 hours.

PS3 - Operational Responsiveness and Reactive Maintenance.

- 3.7 This performance standard covers the operational responsiveness of the service provider to attend to faults within the relevant rectification period.
- 3.8 The tables below illustrate the performance for emergency and non – emergency faults in and out of time for the period of September 2021 – August 2022.

Table 1 - Faults completed within contractual timescale:

Fault Type	Number of occasions: In Time						
	Sept 2021	Oct 2021	Nov 2021	Dec 2021	Jan 2022	Feb 2022	Mar 2022
Emergency faults	13	10	17	11	19	35	22
Non-Emergency Faults	325	378	359	243	339	297	300

Fault Type	Number of occasions: In Time						
	Apr 2022	May 2022	Jun 2022	Jul 2022	Aug 2022		
Emergency faults	16	11	10	15	13		
Non-Emergency Faults	238	265	246	270	355		

Table 2 - Faults completed outside contractual timescale

Fault Type	Number of occasions: Out of Time						
	Sept 2021	Oct 2021	Nov 2021	Dec 2021	Jan 2022	Feb 2022	Mar 2022
Emergency faults	0	0	0	0	0	1	0
Non-Emergency Faults	0	0	0	4	0	0	0

Cabinet & Executive Template

Fault Type	Number of occasions: Out of Time					
	Apr 2022	May 2022	Jun 2022	Jul 2022	Aug 2022	
Emergency faults	0	0	0	0	1	
Non-Emergency Faults	0	0	0	1	0	

3.9 During this reporting period as detailed in table 2 above, all emergency faults were attended within the 1-hour timeframe apart for months of February and August 2022 where operative was late due to vehicle breakdown and heavy traffic. Evidence was provided by service provider of which financial adjustment was waived.

For non – emergency Faults as detailed in table 2 above, all faults were repaired within the 4-day rectification timeframe apart from December 2021 and July 2022 of which financial adjustments were applied.

PS4 - Contract Management and Customer Interface.

3.10 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).

3.11 The table below shows telephone calls received by the call centre and emergency phone line during the period September 2021 to August 2022. The performance target is 95% of all calls being answered within 25 seconds of which this target has been achieved apart from December 2021 and March 2022 where financial adjustments were applied as the target fell below 95%.

Sep 2021	Oct 2021	Nov 2021	Dec 2021	Jan 2022	Feb 2021	Mar 2022	Prescribed response period
94	94	118	89	101	134	84	= # calls received by call centre/ emergency phone line
91	90	114	84	96	130	79	= # answered by a trained call agent within 25 seconds
96.81%	95.74%	96.61%	94.38%	95.05%	97.01%	94.05%	= % answered by a trained call agent within 25 seconds

Cabinet & Executive Template

Apr 2022	May 2022	Jun 2022	Jul 2022	Aug 2022			Prescribed response period
81	103	91	78	98			= # calls received by call centre / emergency phone line
80	101	87	76	97			= # answered by a trained call agent within 25 seconds
98.77%	98.06%	95.60%	97.44%	98.98%			= % answered by a trained call agent within 25 seconds

PS5 - Strategic Assistance and Reporting.

- 3.12 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.

3.13 Performance Standard 6 requires the Service Provider to ensure it operates the day-to-day working practices correctly and safely.

During September 2021 – August 2022 there were no serious or urgent service failures.

Routine service failures were identified during this period for April 2022 which financial adjustments were applied for permitting failures in accordance with Appendix 21 table and PS6 performance target.

Overall, the service provider continues to perform very well with regards to staff Health & Safety issues for its own staff and ensuring site conditions are monitored and kept in a safe condition.

Fortnightly meetings are carried out with the service provider, to resolve any potential issues and collaborate works with both authorities NRSWA teams to minimize any disruption.

Below is the table of any service failures under PS6 Working Practices

Categories of the faults relating to these practices are detailed below:

Fault Type	Definition	September 2021	October 2021	November 2021	December 2021	January 2022	February 2022	March 2022
Urgent service faults	Any Service Failure that: (a) poses a material risk to life; or (b) poses a material risk of damage to person and/or property; or (c) poses a material risk of significant financial loss and/or disruption to the Authority.	0	0	0	0	0	0	0

Cabinet & Executive Template

<p>Serious service faults</p>	<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>	<p style="text-align: center;">0</p>						
<p>Routine service faults</p>	<p>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.</p>	<p style="text-align: center;">0</p>						

Cabinet & Executive Template

Fault Type	Definition	April 2022	May 2022	June 2022	July 2022	August 2022
Urgent service faults	Any Service Failure that: (a) poses a material risk to life; or (b) poses a material risk of damage to person and/or property; or (c) poses a material risk of significant financial loss and/or disruption to the Authority.	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.	0	0	0	0	0
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.	30	0	0	0	0

PS7 - Reporting to the Authority.

3.14 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 the committee are asked to note all reports were submitted on time.

PS9 - Central Management System.

3.15 When this contract was awarded both councils opted for a Central Management System (CMS) to be installed to all streetlights 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 have explored under a Variable Lighting Policy.

3.16 Once the Independent Certifier issued the Certificate of Compliance for the new street lighting on a street-by-street basis the Service Provider ensured that all Replacement CIP Apparatus is connected to and operating on the Central Management System.

The client team are continuing to monitor the current operation of the CMS which has resulted in a reduction of failures within the system. Client team officers review the information provided by City Touch so that checks can be carried out to ensure any outages are raised within the M.I.S within the 4-day rectification period.

3.17 After the completion of the Core Investment Programme across both boroughs as of August 2022 there are 41,091 street lighting columns connected to the Central Management System (see below). The remaining assets are in subways and car parks that are not connected to the CMS and are scouted separately.

	Croydon	Lewisham	Months Total
Previous Total	24,824	16,267	41,091
Aug-22	0	0	0
Current Total	24,824	16,267	41,091

Cabinet & Executive Template

Total Number of Certified assets connected to CMS	41,091
Days in Month	31
Unit/days Comms	1,273,821
Number of Unreachable units in month	255
CMS Communicating	99.98%

3.18 Lewisham introduced their Variant Lighting Level Policy in November 2016 which received Mayor and Cabinet approval. To date the service provider and the client monitoring team have still not received any specific complaints in relation to the introduction of this policy in Lewisham.

3.19 Croydon are adapting a new Street Lighting Policy, to include our Variant Lighting Level Policy.

A “dimming” trial was commenced on 6 January 2022 to review different lighting levels across the borough. It was decided upon the trial to reduce the lighting levels in residential roads by 50% from 19.00hrs – 07.00hrs and from 50% on the strategic road network from Midnight – 05. 00hrs. To date there have been no complaints about the reduction of lighting levels across the borough.

Carbon and financial savings have been identified upon different dimming options. Policy looking to be introduced upon Cabinet approval

4. CONSULTATION

4.1 During the mobilisation phase and throughout the CIP, the Service Provider was required to liaise and consult with all relevant bodies, which included 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 As the CIP programme has finished both Authorities have agreed not to consult with residents about any customer satisfaction surveys as they feel the information will not be beneficial.

5 FINANCIAL AND RISK ASSESSMENT CONSIDERATIONS

5.1 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. 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 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 anticipated cost for 2022/23 is expected to be £10.861m. The proposed unitary charge in 2022/23 for Croydon and Lewisham works out at £2.765m and £1.555m respectively (based on agreed 64% to 36% split), with the remaining contribution derived from PFI credits provided by the Department for Transport. Energy costs are paid directly to the respective energy suppliers by the individual authorities and are not part of the sinking fund payment process.
- 5.3 The forecasted contract management and monitoring costs for 2022/23 based on 64% to 36% split are Croydon £145,000, Lewisham £81,000.
- 5.4 The financial model sinking fund is periodically reviewed to ensure that adequate resources are set aside for future liabilities. The contributions for 2022/23 have been adjusted accordingly. These are offset in part by contract performance deductions.
- 5.5 Both Croydon and Lewisham have embarked on refinancing the senior debt related to the Croydon & Lewisham Street lighting PFI. Both authorities have received approval to proceed with this refinancing of which Croydon and Lewisham have jointly appointed legal and financial advisors to support us during this refinancing process. Initial calculations have identified a possible 860k saving to be split between each Authority
- Further conversations have been held with DFT to seek further financial savings which would mean a reduction in the PFI credits going forward. Both authorities have asked for this process to be concluded in this financial year.

6. LEGAL CONSIDERATIONS

- 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.

Approved by: Kiri Bailey, Head of Commercial & Property Law.

Approved by: Melanie Dawson, Principal Lawyer (Place, Lewisham)

7. HUMAN RESOURCES IMPACT

- 7.1 There are no Human Resources considerations arising from this report. If any should arise these will be managed under the Councils Policies and Procedures.

Approved by Jennifer Sankar, Head of Human Resources (Croydon)

8. EQUALITIES IMPACT

- 8.1 An updated 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.

Lewisham have introduced their Variable Lighting Policy across the borough which included an updated EIA.

Approved by : Felicia Dussard, Equalities Officer, Croydon.

A further updated EIA will be carried out by Croydon if decided to go ahead with any Variant Lighting Policy.

Both Authorities have their own separated policies which do not need to be linked.

9. ENVIRONMENTAL IMPACT

- 9.1 Carbon emissions from Croydon & Lewisham's Street lighting are shown in the tables below. While annual consumption has steadily decreased since 2019/20 the total annual CO₂ emissions have decreased by 58% over 6 years. This is due to the rapid decarbonisation of the UK electricity grid that has been achieved by significant growth of renewable energy generation (primarily offshore wind and large-scale solar farms).

Croydon

Year	Consumption kWh	CO₂ tonne	Grid carbon emission factor (kg CO₂ kWh)
2021/22	8,652,508	1,837	0.21233
2020/21	8,989,281	2,256	0.25091
2019/20	10,450,119	2,875	0.27511
2018/19	11,320,710	3,451	0.30482
2017/18	10,014,298	3,820	0.38146
2016/17	9,860,865	4,404	0.44662

Lewisham

Year	Consumption kWh	CO₂ tonne	Grid carbon emission factor (kg CO₂ kWh)
2021/22	4,233,664	968	0.22876
2020/21	4,126,786	1,035	0.25091
2019/20	4,381,438	1,205	0.27511
2018/19	4,432,250	1,351	0.30482
2017/18	4,900,020	1,869	0.38146
2016/17	6,357,241	2,839	0.44662

- 9.2 The CMS functionality can help manage the total annual consumption through implementation of a Variant Lighting Level Policy. Reductions achieved through this will both minimise electricity costs and the associated CO₂ emissions.
- 9.3 Croydon Council has declared a 'Climate Emergency' and has set a target to be carbon neutral by 2030. Croydon does not purchase renewable electricity as certified by 'Renewable Energy Guarantee of Origin' (REGO) certificates. This is because such supplies do not deliver any additional CO₂ savings than a standard electricity contract. The decarbonisation of the grid (as highlighted in the above table) has been achieved by the regulated market subsidy mechanisms. The cost of this is passed on to all electricity users via the fixed charges. Current government policies are to deliver a zero-carbon grid by 2050. Croydon will therefore need to secure additional zero carbon electricity through its contracts to achieve the 2030 target.
- 9.4 Croydon is currently working with other London boroughs to identify the best value options to secure 100% renewable electricity. This is through the 'Renewable Power for London' programme established by London Councils.

9.5 Lewisham's corporate energy contracts are backed by REGOs.

Approved by Bob Fiddik, Team Leader – Sustainable Development & Energy (Croydon)

Approved by Martin O'Brien – Climate Resilience Manager (Lewisham)

10. CRIME AND DISORDER REDUCTION IMPACT

10.1 The general improvement of the street lighting has as expected had a positive impact in the lower levels of crime and disorder.

11. CUSTOMER IMPACT

11.1 The core objective of the street lighting replacement programme, the replacement of the existing aged equipment with a new and well-maintained service, had a positive impact on the residents.

11.2 Croydon continue to review their Variant Lighting Level Policy to ensure there is no impact on residents and stakeholders.

12. DATA PROTECTION IMPLICATIONS

12.1 Will the subject of the report involve the processing of "personal data"?
NO.

Has a Data Protection impact assessment (DPIA) been completed?
Not Required.

CONTACT OFFICERS:

Steve Iles, Director of Sustainable Communities, Croydon Council: **Telephone:** 02087266000 (ext. 52821) **Email:** steve.iles@croydon.gov.uk

Katharine Nidd, Strategic Procurement and Commercial Services Manager, Lewisham Council. **Telephone:** 02083147000, **Email:** Katharine.Nidd@lewisham.gov.uk

John Algar, Street Lighting Manager, Croydon Council
Telephone: 07917555216, **Email:** john.algar@croydon.gov.uk

Appendices to add to this report: None

Background Papers: *None*

Cabinet & Executive Template