

LONDON BOROUGH OF BRENT

EXECUTIVE

12th November 2003

FROM THE DIRECTOR OF ENVIRONMENT

FOR ACTION

NAME OF WARD: ALL

Report Title : STREET LIGHTING PFI – CORE INVESTMENT PROGRAMME

1.0 SUMMARY

1.1 This report informs Members of the current position with regards to the Core Investment Programme for the Street Lighting PFI and a request from the main contractor – David Webster Limited (DWL) seeking an extension of the Core Investment Programme (CIP) beyond the intended completion date of 30th November, 2003.

2.0 RECOMMENDATIONS

- 2.1 The Executive notes the progress to date and the main issues raised in this Report that have affected the completion of the Core Investment Programme (CIP).
- 2.2 That the Executive instruct the Director of Environment in consultation with the Borough Solicitor to negotiate and agree with PFI Lighting Limited to secure an extension to the CIP period, and that this extension period be as short as possible, but no longer than 12 months.

3.0 FINANCIAL IMPLICATIONS

- 3.1 The PFI funding arrangements generally are that a Government Grant is received and the Council also commits its own revenue funding. The Grant reduces by 4% year-on-year and in 2003/04 the amount of Grant is £805,800.
- 3.2 Payment is based on a Unitary Payment, less deductions that include reduced payment in respect of installing fewer columns than expected (through the Core Investment Programme) and routine maintenance failures.
- 3.3 The slippage on the CIP during 2002/03 resulted in an underspend on the street lighting budget in that year of around £125,000.

- 3.4 The financial implications of further slippage beyond 31st March 2004 will be an underspend on the revenue budget. The exact amount will depend on the extent of the slippage. Officers will work closely with DWL to ensure that CIP is as fully implemented as possible, with the result that the underspend at the end of 2002/03 will be minimal.
- 3.5 The Government Grant will be unaffected by the short extension period proposed.

4.0 STAFFING IMPLICATIONS

- 4.1 There are no staffing implications as a result of this report.

5.0 ENVIRONMENTAL IMPLICATIONS

- 5.1 The re-lighting of the Borough has enhanced the visual appearance of Brent's streets and contributed significantly to road safety, community safety and help reduce crime and the fear of crime.

6.0 LEGAL IMPLICATIONS

- 6.1 The legal implications are shown at Appendix A (Confidential).

7.0 DETAILS

- 7.1 The Council's Street Lighting Contract with PFI Lighting LTD and their main sub-contractor David Webster Limited (DWL) commenced on 1st December 1998. The main features of the contract were:
- 7.1.1 That the Borough is re-lit. In practical terms this translates into bringing the Borough's street lighting stock up to the BS5489 standard within a five-year (CIP) period that expires on 30th November 2003; and maintaining the Borough "in light".
 - 7.1.2 That at the end of the 20-year contract period, all lighting columns, as defined in the contract, will have a residual life of five years.
 - 7.1.3 That the street lighting columns included in the contract were defined as all street lighting columns on the adopted highway and street lighting columns that appear on named roads.
 - 7.1.4 That in drawing up the inventory it was agreed that the majority of the columns (some 11,000 columns) would need replacement, approximately 4,000 columns would be converted to meet the BS5489 standard during the 5 year CIP. These columns would however be replaced after the 5-year CIP to meet health and safety requirements and deliver on the 5-year residual life.
- 7.2 Also included on the inventory were some 3,710 columns that currently meet the required standard (referred to as "Full Deemed to Accord") and would only be replaced if necessary, or to meet the 5 year residual life criteria after the contract

expires. Another 629 columns were considered to temporarily meet the required standard and these would be replaced either during or soon after the CIP completion date (i.e. 30th November 2003).

- 7.3 The contractor carries out all maintenance, cleansing, painting, lamp changes, and other similar activities.
- 7.4 After the columns have been brought up to BS5489 standard, the PFI Contract reverts to what is essentially a maintenance contract.
- 7.5 By May 2001, DWL had replaced 8,043 columns and converted 2,035 columns, which was considered a very good rate of replacement work.
- 7.6 However, between May 2002 and March 2003 work on the CIP came to a virtual stop. This stoppage was due to a dispute between DWL and the Electricity Supplier (24/7). In April 2003, DWL informed the Council that this dispute had now been resolved and that DWL would begin to restart the replacement programme in May 2003.
- 7.7 Since the last report to the Executive in July 2003, DWL have commenced a programme of work to install around 697 columns under the CIP. At the beginning of October, some 300 of these had been completed and discussions are taking place with DWL to develop a further programme of work for the remaining locations.
- 7.8 DWL have now formally requested an extension to the CIP period for up to one year without incurring any penalties that would otherwise occur. The company have expressed a desire on their own part to work closely with Council officers to complete this important phase of the CIP, and have expressed their gratitude for the Council's patience during the period when DWL were in dispute with 24/7.
- 7.9 Having made significant achievements in meeting the overall objective of "re-lighting the Borough", officers believe that it would be advantageous to work in close co-operation with DWL over the coming months to complete the CIP, despite the intended 5 year CIP term not being met.
- 7.10 It should be recognised that new installations in two areas of the Borough have been delayed at the Council's request for different reasons. In Mapesbury, the Council has been in discussion with DWL and a number of local residents about installing heritage style lighting. The outstanding issues have now been resolved and work is now programmed to commence in the coming weeks.
- 7.11 In Ealing Road, Wembley installation of new lights has been put on hold whilst a scheme is designed that would retain the ability to install festive lighting for Diwali and into the Christmas/New Year period. 53 columns are proposed to be installed in this location.
- 7.12 CIP work in two major areas of the Borough (Kilburn High Road and High Road, Wembley) has been re-designed to accommodate different types of columns funded from other sources, and this will be formalised through Contract variation.

- 7.13 Officers are now working with DWL to identify the remaining locations to be dealt with under the CIP but it is clear that it will be impossible to complete all these works by the end of November 2003. A relatively short extension period, whilst regrettable, will allow completion of the CIP without further delay and achieve key objectives under the PFI.
- 7.14 A summary of the pro's and con's of an extension of the CIP period is suggested as follows:

Pro's	Con's
<ol style="list-style-type: none"> 1. The Council is more likely to achieve the overall PFI objectives of "re-lighting" the Borough, with the benefits set out in this, and previous, reports, albeit later than anticipated. 2. The contractor simply cannot physically complete the CIP before 30th November 2003. 3. The Council has prevented full completion, by putting works in Ealing Road and Mapesbury "on hold" for the reasons stated elsewhere in this report. 4. The Council will avoid potentially significant costs, were a dispute to arise as to the Council's reasonableness in responding to DWL's request for an extension. 5. Having achieved over 90% completion at the end of the intended 5-year CIP period, the case for refusing a request for an extension is difficult to argue, especially if the Council does not suffer financially. 	<ol style="list-style-type: none"> 1. The Council will not have achieved its objective of "re-lighting the Borough" within its intended timescale. 2. The Council will incur legal costs associated with agreeing the necessary Variations and negotiating the costs thereof. 3. The Council may find it difficult to defend a 'negative' response when it itself instructed delayed works in Ealing Road and Mapesbury. 4. The opportunity to negotiate a satisfactory conclusion to the CIP could be lost if the Council becomes involved in a dispute with DWL.

- 7.15 Negotiations with DWL on the following are ongoing and are expected to be completed before the 30th November 2003:

- 7.15.1 That designs will be provided to upgrade some 261 existing steel columns to the required standard within the 12 month extension period by replacement of by infilling new columns in between existing columns.
- 7.15.2 That all concrete columns (a minimum of 900) will be replaced during the 12 month extension period.
- 7.15.3 That 53 heavy duty columns will be installed in Ealing Road, Wembley, strong enough to support Diwali and Christmas lights. This will be done at no extra cost to Brent Council.
- 7.15.4 That any newly installed or converted column that still does not achieve the BS5489 lighting standard will be rectified within the 12 month period.

- 7.15.5 That all the Mapesbury columns (both standard and heritage) will be completed within the 12 month period.
- 7.15.6 That a further 143 columns will be replaced on agreed Housing Estate Roads.
- 7.15.7 That any columns that have been missed or overlooked during the CIP period will continue to be replaced at no cost to Brent Council.

8.0 BACKGROUND INFORMATION

8.1 Details of documents:

- Street Lighting PFI Report to Special Environment Committee, 23.09.99
- Progress on installation of new Street Lighting under PFI Contract, 01.02.00
- Progress on installation of Street Lighting under PFI Contract, 27.06.00
- Street Lighting – Update on Installation programme, 02.05.01
- Street Lighting PFI – Progress Report, 21.07.03

8.2 Any person wishing to inspect the above papers should contact Keith Balmer, StreetCare Unit, Brent House, 349-357 High Road, Wembley, Middlesex HA9 6BZ, Telephone: 020 8937 5066.

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