

NORTH SOMERSET COUNCIL DECISION

DECISION OF: COUNCILLOR ELFAN AP REES. THE EXECUTIVE MEMBER FOR STRATEGIC PLANNING, HIGHWAYS, ECONOMIC DEVELOPMENT AND HOUSING.

WITH ADVICE FROM: DIRECTOR OF DEVELOPMENT & ENVIRONMENT AND HEAD OF STRATEGIC PROCUREMENT



DECISION NO: 18/19 DE 110

SUBJECT: PROCUREMENT PLAN STREET LIGHTING

KEY DECISION: NO

BACKGROUND:

The Council's contract for Road Lighting, Traffic Management and Decorative Lighting Maintenance with our existing supplier SSE is due to end at the end of March 2019. Also, lamp production of the majority of existing non-LED light sources is being phased out by manufacturers late 2019 and superseded with energy efficient LED lanterns.

We are now seeking to procure through a competitive tender process the award of a contract to a single supplier for the maintenance of the council's street lighting, illuminated signs, bollards and investment in a cost effective modern system of LED street lighting which will include replacing and upgrading all out dated inefficient non-LED lighting. The project will also include the replacement of the council's remaining corroded and at risk concrete lighting columns and corroded steel pole brackets with new galvanised steel units throughout the district.

Scope of contract

The core contract requirement will be for: -

- Upgrading a total of 18168 non-LED lights to LED lanterns
- Replacement of 3526 concrete columns and 1472 corroded steel pole brackets installed on electricity transmission poles
- Maintenance of all street lights, and illuminated traffic management.
- Installation of new and replacement of existing lighting.
- Plus, potential technological innovation including additional Electrical Highway maintenance and installation works e.g. Parking meters, car charging pillars, vehicle activated signs, vehicle messaging signs etc.

The street lighting project, with various options seeks to implement a cost effective modern system of street lighting which includes the replacement and upgrade of the council's out dated and inefficient non-LED street lighting lanterns. Lamp production of the existing type

of lantern is being phased out by manufacturers late 2019 and superseded with energy efficient LED lanterns. The project also includes the replacement of the council's remaining corroded and at risk concrete lighting columns with new galvanised steel units throughout the district.

DECISION:

It is requested that the procurement plan be approved to proceed.

REASONS:

Introduction

The current contract covers maintenance of current streetlights, and the new contract will be a replacement capital project with on-going maintenance after the roll-out.

TUPE

There may be TUPE implications with this procurement, and staff may transfer across in the event of a change in contractor. Details of the incumbent contractor's staff will be given in the tender information

Commissioning Plan

The Commissioning Plan was approved by Full Council on 8 May.

<http://apps.n-somerset.gov.uk/cairo/docs/doc28835.pdf>

Lessons Learned

Gloucestershire County Council went out to tender in 2014 for a LED & column replacement & maintenance contract. We have a close relationship with Gloucestershire and will carry out a lessons learned exercise with them and feed this into our procurement process. Also during the market engagement, several of the suppliers mentioned areas which they considered work well in a contract and those that don't, which will feed into the procurement process.

Route to market

The procurement route needs to consider an LED and column replacement programme and a future maintenance and installation contract, which could cover other asset types not currently covered in the current street lighting contract.

Possible routes for procurement are listed below:

1. Go out to tender for two contracts a) contract for the supply and installation of an LED and column programme plus additional Electrical Highway maintenance and installation works e.g. Parking meters, car charging pillars, vehicle activated signs, vehicle messaging signs etc using the Competitive procedure with negotiation b)

ongoing maintenance and installation works via a separate contract or via the Highways Term Maintenance contract which includes Street Lighting maintenance.

2. Carry out a mini competition under another purchasing organisation's existing framework for two contracts a) contract for the supply and installation of an LED and column programme plus additional Electrical Highway maintenance and installation works e.g. Parking meters, car charging pillars, vehicle activated signs, vehicle messaging signs etc (if this additional works is within the scope of the framework) b) ongoing maintenance and installation works via a separate contract or via the Highways Term Maintenance contract which includes Street Lighting maintenance.
3. Go out to tender for a single contract for the supply, installation and ongoing maintenance plus additional Electrical Highway maintenance and installation works e.g. Parking meters, car charging pillars, vehicle activated signs, vehicle messaging signs etc using the Competitive procedure with negotiation.

Term

Following market engagement, the feedback is that the LED/column replacement programme would take between 9 and 24 months to achieve. The feedback on the preferred length of the maintenance contract is between 3 and 15 years (including extensions).

The Project team has decided that the contract should be co-terminus with the Highways Term Maintenance contract, which has had Full Council approval for 5 years from 1 April 2018 to 31 March 2023. This would mean the Street Lighting contract will be for 4 years (plus a 2 year potential extension), from 1 April 2019 to 31 March 2023.

The market feedback is that the maintenance element is attractive even though it will be significantly reduced in value from the current maintenance contract as the new LED lanterns require less maintenance.

The option to procure the materials ourselves and free issue them to the supplier has been considered, but if the council took on the risk of the guarantees and dealing with the returns etc it would be costly and also could put unnecessary barriers/delays between the council and the contractor carrying out the works. The market engagement feedback has reinforced this.

Lotting strategy

The market engagement sought the opinion of suppliers regarding the Lotting strategy. Should the council divide the contract into Lots ie Lot 1 - LED/column replacement & on-going maintenance, Lot 2 - LED/column replacement only, Lot 3 – On-going maintenance only. The opinion of all suppliers was that there would be risks associated with Lotting the contract if two different suppliers won Lot 2 and 3 (see Risks below), and that having one combined Lot would be preferable.

Specification

The council will be using an input based specification detailing the technical nature of the equipment required. It will outline the criteria the council requires e.g. lantern weight, output guarantees etc. The council will not specify brands for the LED rollout but will need to for on-going maintenance of legacy equipment until it is replaced. The Highway Electrical & ITS team is writing the specification and it will be signed off by the Project Board. To ensure the contract delivers value for money, appropriate key performance indicators will be used, and will be reported to the council's Corporate Management Team. LED technology is relatively mature and the current lanterns available on the market are very energy efficient. The tender process will assess the energy profile of the replacement programme to ensure it optimises the type of lanterns replaced first.

Timescale:

Task	Date
Investment & Infrastructure Board approval	12 April 2018
Commissioning Plan to Full Council for approval	8 May 2018
Proc Plan to Exec Member for approval	May 2018
Publish opportunity	End May 2018
Initial tenders due in	Mid August 2018
Evaluation	Mid Aug – early Sept 2018
Negotiation	Early Sept – mid Oct 2018
Publish final tenders	Mid Oct 2018
Submission of final tenders	End Oct 2018
Evaluation	Early Nov – mid Nov
Contract award Executive approval	4 Dec 2018
Implementation period	Jan – March 2018
New contract starts	01-Apr-2019

Governance:

The Project Team consists of: -

Project Sponsor	Highway Operations & Contract Manager
Project Manager	Highway Electrical & ITS Manager
Project Support	Principal Engineer
Project Support	Directorate Governance Officer
Procurement Lead	Procurement Manager (D&E)
Finance Lead	Service Accountant

The Commissioning plan requires approval by Full Council, approval of the Procurement Plan by the Executive Member and Contract Award approval by the Executive. These have been factored in to the timeline (see above).

Market / Suppliers:

There are several international suppliers in the market in addition to smaller regional companies. Procurement used an IT system called Porge Illuminator to check the suppliers in the market, their market share and which councils they supply. The Service

Area also has extensive market knowledge and knows of suppliers who work with other local authorities. A market engagement questionnaire was sent to 14 companies. There appears to be a reasonable appetite for this contract opportunity. Market engagement meetings were held in March and have assisted in establishing how interested the market is in the opportunity. These meetings have helped in defining:

- Lotting Strategy – (one Lot to avoid cost duplication, see Risks).
- Option A (lump sum) vs Option C (target cost) pricing for LED replacement programme – (given the balance of works profile (high proportion of materials to labour), option A has been chosen).
- Funding options for LED replacement programme – (the market was asked if they could provide funding for the rollout programme which would be paid back over the term of the contract. The feedback was that the council obtaining funding itself would represent better value for money).
- Pricing Strategy – (the recommendation was to obtain pricing for pre and post LED rollout maintenance as the overheads reduce after the rollout).

Social Value

Social value will form part of the tender process, and the project team will decide which council outcomes are the priorities for this contract. The weighting will be the recommended 10% of the Quality weighting.

Evaluation

The procurement will be weighted 30% Quality and 70% Price.

The quality element will include: -

- The rollout programme to optimise energy efficiency
- Innovation
- Information technology

Reducing the quality weighting could negatively impact on the realisation of the energy efficiency savings.

Contract Management

The Highway Electrical & ITS Manager and his team will manage the contract going forward, and will ensure the appropriate performance indicators are in the contract. The contractor will be required to submit a monthly lockdown report detailing performance achieved across all required performance areas. This information will be used to populate the quarterly contract management reports for CMT.

OPTIONS CONSIDERED:

The procurement options are listed in 'Route to Market' above, and the recommended option is option 3 as it gives: -

- an opportunity for including all the additional elements that we wish to include especially as technology changes.
- the greatest competition and therefore the greatest value for money for the council.

- an opportunity for negotiation given the complex emerging technology and the fact that much of the specification will be input based.

FINANCIAL IMPLICATIONS:

The Capital element of the scheme has had prior agreement in principal at Investment & Infrastructure Board on 12 April 2018. The revenue savings impact of the new contract after the LED replacement is assumed to cover the required borrowing costs of the LED replacement.

Costs

The tender pricing schedule will consist of a schedule of rates for bidders to complete with flexibility to include preliminary costs into the rates or as a separate line. The competitive tendering process will ensure value for money particularly as there is a 70% weighting on cost. The competitive procedure with negotiation gives an opportunity to discuss the programme rollout, specification and pricing schedule with bidders.

Funding

Various sources of funding including revenue base budget, LTP capital allocation, Salix grant and Prudential Borrowing are required to fund the project.

LEGAL POWERS AND IMPLICATIONS

The project team will use a NEC3 contract and has engaged with the Legal team regarding a lease for the depot which will be required for the contract.

CONSULTATION/NOTIFICATION

A market engagement questionnaire was sent out to 14 suppliers in February 2018. This was to gauge the appetite for the contract and to inform the Investment & Infrastructure business case requesting capital investment.

Follow up market engagement meetings were held in March to discuss the suppliers' responses and ask further questions to inform the procurement process.

Key stakeholders and Members have been briefed on the project. A communication plan will be developed and relevant parties will be notified of the rollout programme e.g. parish councils.

RISK MANAGEMENT

Risk	Mitigation Strategy
Very little appetite for the contract leading to no or few bidders.	Market engagement carried out has stimulated interest.
Potentially technological innovation not included in the	The competitive procedure with negotiation allows for a bespoke specification to include future technology.

procurement if limited by framework scope.	
If there were two separate contractors for the LED replacement and maintenance contracts this could lead to higher costs (two lots of management, depot, workforce costs).	Bundle the maintenance element with the LED/column replacement programme.

EQUALITY IMPLICATIONS

An Equality Impact Assessment has been carried out with no escalation to stage 2 identified.

CORPORATE IMPLICATIONS

Prosperity and Opportunity, Health and Wellbeing and Quality Places will all be met as part of the procurement process.

BACKGROUND PAPERS


Approval to extend current Street Lighting contract until end of March 2019:

<http://apps.n-somerset.gov.uk/cairo/docs/doc27898.pdf>

The Commissioning Plan was approved by Full Council on 8 May.

<http://apps.n-somerset.gov.uk/cairo/docs/doc28835.pdf>

DECISION MAKER(S):

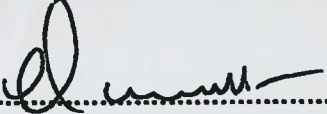
Signed:  Executive Member for Strategic Planning, Highways, Economic Development and Housing

Date: 21/5/18

WITH ADVICE FROM:

Signed:  Director of Development & Environment

Date: 18/5/18

Signed:  Head of Strategic Procurement

Date: 18/5/18

		<p>It is the policy of the University to provide equal opportunities for all students in the admission process. The University does not discriminate on the basis of race, color, sex, religion, national origin, or ancestry in its educational programs and activities.</p>
		<p>The University is committed to providing a safe and secure environment for all students. The University will take appropriate measures to protect the safety and security of its students and campus community.</p>

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STUDENT SERVICES
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2/2/18

WITH ABOVE SIGNATURE

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2/2/18