

Agenda Item No. 7(d)

DERBYSHIRE COUNTY COUNCIL

CABINET

3 May 2016

Report of the Strategic Director of Economy, Transport and Communities

SUPPLY OF LED LUMINAIRES (HIGHWAYS, TRANSPORT AND INFRASTRUCTURE)

(1) **Purpose of Report** To seek Cabinet approval to establish a Council framework under Protocol 1 of the Council's Financial Regulations for the supply of LED luminaires across the geographical area of Derbyshire, excluding Derby City.

(2) **Information and Analysis** The Highways Act 1980 empowers a highway authority to provide, and maintain in a safe condition, lighting for any highway for which they are the highway authority. Street lighting contributes both to a reduction in night-time road traffic collisions and to a reduction in crime and the fear of crime. It also provides a positive aid to commercial, leisure and tourism activities, and can increase pedestrian movements during the hours of darkness.

Street lighting energy costs in 2003 were £1.239m per annum and, by the end of 2013, had increased to £3.142m per annum; a 154% increase in energy cost over 10 years. Energy prices continued to increase in 2014 by a further 6.09%, out stripping the 4.74% overall reduction in energy usage over the same period through the introduction of Part Night Lighting and the removal of lights no longer providing a community benefit.

The upward trend in energy costs is the most significant challenge to the street lighting service. Energy reduction initiatives, such as the introduction of LED, will assist to mitigate the impact of price rises whilst minimising the impact on the public and ensuring lighting is available where and when most needed.

On 21 October 2014, Cabinet approved an 'invest-to-save' proposal for the introduction of LED lights and dimming to improve the whole life costing of street lighting within the lighting column height range 5m to 6m, typically located in residential areas. The report also approved the procurement of the supply of LED luminaire and contracts for their installation to deliver the LED project (Minute No.367/14 refers).

A procurement exercise has been undertaken using the Council's eTendering system to establish a framework contract to procure the supply of LED luminaires. The tender was advertised on the Source Derbyshire website, Contracts Finder and in the Official Journal of the European Union (OJEU) on 14 January 2016. The OJEU notice states the framework agreement should be awarded to up to a maximum of eight bidders.

The proposed framework agreement will also be open to a number of other Derbyshire local authorities and public bodies who have expressed an interest in using it. Those organisations are:

Amber Valley Borough Council
Bolsover District Council
Chesterfield Borough Council
Erewash Borough Council
High Peak Borough Council
North East Derbyshire District Council
South Derbyshire District Council
Staffordshire Moorlands District Council
Peak District National Park Authority
Chesterfield Royal Hospital NHS Foundation Trust

Derby City Council has made its own arrangements to invest in street lighting through a Private Finance Initiative.

The following criteria and weightings were used to assess tender responses and the bids were evaluated based on the most economically advantageous tender (MEAT):

- Quality 70%
- Price 30%.

The contract is for a period of one year to commence on 1 June 2016, with options to extend for 2 further 12 month periods, up to a maximum of 4 years, subject to an annual performance review.

There were 115 suppliers who expressed an interest in the framework, following which 16 tender bids were received by the tender deadline of 12 February 2016.

Following evaluation of the bids, 14 companies met the required technical criteria and the remaining 2 companies were assessed as non-compliant because they did not meet the Council's required specification.

It is recommended that the following eight companies should be appointed to the framework contract, as tabled below:

Company	Score %
Urbis Schreder Ltd	79.47
OrangeTek Ltd	78.51
ZG Lighting UK Ltd	76.17
Smith Bros (Caer Conan) Wholesale Ltd	76.17
UK Electric (BEI Lighting)	75.45
Maclean Electrical	74.90
CU Lighting Ltd	72.76
D W Windsor Ltd	72.51

Whilst this report seeks approval for the award of a framework agreement for the supply of LED luminaires, a further report is submitted to this Cabinet meeting, to seek approval for the award of a framework agreement for the installation of LED luminaires (Agenda Item No.7(e)).

(3) **Financial Considerations** A whole life cost model was developed for the LED project which compared the cost of continuing with the maintenance and replacement of traditional lamps with the cost of fitting street lights with LED.

Analysis demonstrated that the net nominal savings, after financing costs are taken into account, range between £24m with modest energy price inflation of 2.5% and in excess of £60m for 10% energy inflation over a year period. Average annual savings ranged between £1.2m and £3.1m depending on the level of energy inflation.

In the early years of implementation of LED lights, the debt charges will exceed savings but by the time all LED lights are operational, savings will be over £1m per annum.

The above figures are based on anticipated costs of purchasing and installing LED lights. The lowest prices offered by the compliant companies are 40% less than those used within the cost model, due to economies of scale and reductions in production costs. It is anticipated the maximum cost reduction will be approximately £4.5 million, however, when added to the cost of the installation of LED luminaire (Agenda Item No.7(e)) represents an overall capital saving to the project of £2.2m. Costs will be met from approved Capital budgets.

(4) **Legal Considerations** The Council's Financial Regulations state that where the value of the services to be provided is above the OJEU threshold of £164,176, it is for Cabinet to decide whether to approve such contracts.

In preparing this report the relevance of the following factors has been considered: prevention of crime and disorder, equality and diversity, human resources, environmental, health, property and transport considerations.

(5) **Key Decision** Yes.

(6) **Call-In** Is it required that call-in be waived in respect of the decisions proposed in the report? No.

(7) **Background Papers** Held on file within the Economy, Transport and Communities Department. Officer contact details – Debbie Anderson, extension 38670.

(8) **OFFICER'S RECOMMENDATIONS** That Cabinet approves:

- 8.1 The establishment of a framework contract for the supply of LED luminaires for 12 months commencing 1 June 2016, with an option to extend the framework contract for three further 12 month periods, up to a maximum of four years, subject to satisfactory performance.
- 8.2 The appointment of CU Lighting Ltd, D W Windsor Ltd, MacLean Electrical Company Ltd, OrangeTek Ltd, Smith Bros (Caer Conan) Wholesale Ltd, UK Electric (BEI Lighting), Urbis Schreder Ltd and ZG Lighting UK Ltd to the framework contract.

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