

# ENVIRONMENT CABINET MEMBER MEETING

## Agenda Item 105

Brighton & Hove City Council

<b>Subject:</b>	<b>Street Lighting Energy Contract</b>		
<b>Date of Meeting:</b>	<b>10 March 2011</b>		
<b>Report of:</b>	<b>Strategic Director, Place</b>		
<b>Contact Officer:</b>	<b>Name:</b>	<b>Gill Packham</b>	<b>Tel:</b> 29-3702
	<b>E-mail:</b>	<b>gillian.packham@brighton-hove.gov.uk</b>	
<b>Key Decision:</b>	<b>Yes</b>	<b>Forward Plan No: ENVCOMM19312</b>	
<b>Wards Affected:</b>	<b>All</b>		

### FOR GENERAL RELEASE

#### 1. SUMMARY AND POLICY CONTEXT:

- 1.1 This report requests that the Council continues with the current arrangement for the procurement of electricity for street lighting, illuminated bollards, signs and so on (henceforth referred to as illuminated street furniture) as well as traffic signals.
- 1.2 Energy is purchased jointly with East Sussex County Council (ESCC) through a framework arrangement set up by Buying Solutions, a trading arm of the Office of Government Commerce (OGC). The framework agreement is open ended with only six months' notice required to withdraw from this. The framework is a method of procurement identified by the Pan Government Energy Project as the best way of reducing cost in the complex energy market.

#### 2. RECOMMENDATIONS:

- 2.1 That the Cabinet Member authorises the Head of City Infrastructure to continue with the current joint arrangement with East Sussex County Council to utilise the Buying Solutions framework agreement for the city's street lighting energy procurement.
- 2.2 That the Cabinet Member notes that the current arrangement provides a cost effective and flexible solution; demonstrates our commitment to strategic partnership working and offers the opportunity of regular review and to improve our contract options in respect of energy procurement.

#### 3. RELEVANT BACKGROUND INFORMATION/CHRONOLOGY OF KEY EVENTS:

- 3.1 Brighton & Hove City Council currently has in the region of 25,000 items of illuminated street furniture, and 179 traffic signalling installations.
- 3.2 As of 1 April 2010 BHCC separated its street lighting inventory from East Sussex and now has its own unique energy administration number with UK Power Networks, the Distribution Network Operator for the area. As a result of this, the council now receives its own monthly bills for energy use based on types of equipment used and burning hours. Prior to April 2010 a single bill was submitted to East Sussex County Council who then re-charged us for our share of the

overall monthly expenditure, together with an administration fee for undertaking this work. This also means that we can procure energy separately from East Sussex County Council should it be beneficial to do so in the future.

- 3.3 The un-metered expenditure on energy to our illuminated street furniture was £860,000 in the year 2009-2010, and is forecast to be in the region of £850,000 for the year 2010-2011. However it must be noted that the energy market is extremely volatile and there is no guarantee as to whether prices will rise or fall in the future.
- 3.4 It has been recognised by the Director of Finance that remaining in contract with East Sussex offers the most cost effective solution at this time, and this has been reinforced through comparisons with a number of other local authorities. The average cost per kilowatt hour is 8.1pence, whilst the council is now paying 7.7pence. This equates to a substantial saving across all the street lighting and illuminated street furniture.
- 3.5 Buying Solutions is highly experienced in this field and has been purchasing aggregated energy volumes for the public sector via the wholesale markets for over ten years. In addition to the standard flexible procurement options the organisation is constantly broadening the range of risk management solutions on offer in response to ever-changing markets. These provide reduced price volatility through effective risk management over longer forward periods.
- 3.6 Whilst undertaking the letting of this contract which commenced in September 2009 ESCC evaluated the various frameworks on offer and concluded that the Buying Solutions option was the most economically advantageous and includes the most appropriate package of support.

#### **4. CONSULTATION**

- 4.1 Legal Services, Corporate Procurement, Energy and Water Manager, the Director of Finance have been consulted in the production of the information contained within this report

#### **5. FINANCIAL & OTHER IMPLICATIONS:**

##### Financial Implications:

- 5.1 The council spent £860,000 on electricity for street lighting and associated illuminated street furniture in 2009-10 and the forecast for 2010-11 is £850,000. It is felt that the current joint arrangement with East Sussex offers the most cost effective energy solution for the city's street lighting and illuminated street furniture.

*Finance Officer Consulted: Karen Brookshaw*

*Date: 17/02/11*

Legal Implications:

- 5.2 BHCC purchases its street lighting energy jointly with ESCC through a flexible purchasing contract. There is a six month notice period for BHCC to terminate the arrangement with ESCC. This reflects the needs for the Consortium to purchase energy in advance.

*Lawyer Consulted:*

*Elizabeth Culbert*

*Date: 07/02/11*

Equalities Implications:

- 5.3 The council's Codes in relation to Equalities are enforced in all procurement. The provision of street lighting and consequently the supply of energy to the street lighting units facilitate social inclusion and equality for all.

Sustainability Implications:

- 5.4 The council is committed to reducing carbon emissions as set out in the Corporate Strategy. New energy saving technology is being introduced to street lighting wherever possible and when funding permits and it is proposed that this will become the standard for the future.

Crime & Disorder Implications:

- 5.5 Well-lit streets help reduce crime and fear of crime as well as providing a safer night-time street scene.

Risk & Opportunity Management Implications:

- 5.6 There are health and safety risks involved in failing to keep the city in light during night time hours which could have severe and costly consequences. Using a framework recommended by national government, BHCC is better able to benefit from best practice and best prices for its energy procurement.

Corporate / Citywide Implications:

- 5.7 The contract will deliver to all illuminated street furniture across the city.

**6. EVALUATION OF ANY ALTERNATIVE OPTION(S):**

- 6.1 At this time it is considered that continuing with the joint framework agreement is the most advantageous financial solution.

**7. REASONS FOR REPORT RECOMMENDATIONS**

- 7.1 The council has a duty to maintain the public lighting to a safe standard. Energy supply is an essential element of this duty.

## **SUPPORTING DOCUMENTATION**

### **Appendices:**

None

### **Documents in Members' Rooms**

None

### **Background Documents**

None