

EAST AYRSHIRE COUNCIL

DEVELOPMENT SERVICES COMMITTEE – 9 March 2005

STREETLIGHTING UNIT PROCUREMENT OF STREETLIGHTING MAINTENANCE

Report by Executive Director of Development and Property Services

1 PURPOSE OF REPORT

- 1.1** To update the Committee on current procurement arrangements for Street lighting maintenance and to seek approval for the business plan for the street lighting unit for 2005-2006.

2 BACKGROUND

- 2.1** At its meeting of 15 January 2003 the Committee approved the establishment of an in-house streetlighting maintenance and repair unit to carry out the work which had previously been contracted out.
- 2.2** The Lighting Maintenance Unit provides four distinct services:
- ◆ Lighting repairs
 - ◆ Electrical maintenance and testing
 - ◆ Visual structural inspection
 - ◆ Minor improvement works
- 2.3** Lighting maintenance services are provided from a depot at Bonnyton, Kilmarnock. The depot provides a mustering point for the electricians and also provides stores facilities for the service.

3. PROCUREMENT OF STREETLIGHTING MAINTENANCE

- 3.1** A Service Level Agreement for the procurement of streetlighting maintenance was approved by the Development Services Committee of 12 March 2003.
- 3.2** This sets out arrangements for payment, monitoring and review. It includes provision for the designation of a Service Level Agreement Monitoring Officer from within the Roads Division who will be a senior officer from a section other than Lighting.

4. REVIEW OF 2004-5

4.1 Financial Objectives

- 4.1.1** Following its first year in operation, the Lighting Maintenance Unit anticipates to make a £10K surplus in 2004-2005.

4.2 Service Level Agreements

4.2.1 The Lighting Maintenance Unit has met all of its service level agreement figures.

4.2.2 The Lighting Maintenance Unit has been able to demonstrate transparency, which has increased consumer confidence in the service provision.

4.3 PERFORMANCE TARGETS

4.3.1 The unit has met its target for its Statutory Performance Indicators.

4.3.2 The unit has also been able to more readily react to the need of the elderly and other special needs customers, being able to prioritise repairs on the basis of need rather than solely commercial concerns.

4.4 Asset Management

4.4.1 The Lighting Maintenance Unit has successfully upgraded and replaced lanterns and lighting columns where required allowing existing plant to be safely used well beyond its intended design life.

5. INCOME FOR 2005/6

5.1 The projected income for 2005/6 is set out in the following table:

	Totals
Lighting Maintenance, testing and Inspection	£547,000
Recharges to other Council Departments,	£5,000
Christmas Decorations (Council and non Council)	£51,000
Raynesway A77/M77 Maintenance Contract	£10,000
Other third Party work and external recharges	£4,000
Total Projected Income	£617,00

5.2 It is expected that the Unit will return a surplus of £10K after covering capital charges.

6. THE YEAR AHEAD

6.1 During the coming year it is intended to:

- ◆ Review service level performance
- ◆ Extend training staff development
- ◆ Seek additional sources of funding
- ◆ Further develop the use of new cost effective lighting technologies

7. FINANCIAL IMPLICATIONS

7.1 There are no financial implications for the Committee's overall budget.

8. LEGAL IMPLICATIONS

8.1 There are no legal implications arising from this report.

9. RECOMMENDATIONS

9.1 It is recommended that the Committee approve the attached business plan for the new streetlighting maintenance unit within the Roads Division.

James Lavery
Executive Director of Development & Property Services

21 February 2005
LJP/YK

BACKGROUND PAPERS

Nil

For further information on the content of this report, contact Jim Kane, Head of Roads & Transportation, on 01563 576310

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East Ayrshire
COUNCIL

STREET LIGHTING MAINTENANCE UNIT

BUSINESS OPERATING PLAN

2005/2006

Prepared by

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Approved by

James Kane

Validated by

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1 INTRODUCTION

The Street Lighting Maintenance Unit is a Business Unit within the Roads and Transportation Division of the Development & Property Services Department. The day to day running of the unit is the responsibility of the Principal Engineer, Lighting and General Services who reports to the Chief Engineer (Operations) and Head of Roads and Transportation, who in turn report to the Executive Director of Development and Property Services and the Development Services Committee.

The Street Lighting Maintenance Unit provides seven distinct services:

- (i) replacement of defective lamps
- (ii) repair and replacement of defective electrical equipment
- (iii) visual structural inspection of lighting columns and minor column maintenance
- (iv) electrical testing and inspection of electrical plant
- (v) planned replacement of lamps and lanterns
- (vi) minor column, sign and bollard replacement
- (vii) festive lighting

Lighting Maintenance Unit is currently run from an Industrial Unit at Unit 1, Block 3, Munro Place, Kilmarnock.

Projected annual turnover for 2005/06 is £617,000. The Unit currently employs one superintendent, five electricians, one stores person and one administration person. Additional technical and supervisory support is provided by Lighting and General Services Staff.

The estimated number of electrical repairs and planned maintenance visits is approximately 15000 per annum.

2 BUSINESS OBJECTIVES

The Street Lighting Maintenance Unit's key objectives are to:

- ◆ Meet the financial targets set by the Council
- ◆ To deliver a high quality, cost effective lighting maintenance service
- ◆ To ensure that the Council fully discharges its duty of care under Health and Safety legislation.
- ◆ To provide fair terms and conditions of service which match industry standards and provide demonstrable rewards for loyalty and performance

The Unit aims to comply with the following operating principles in managing its business:

- ◆ Seek to continuously improve its productivity and service quality

- ◆ Ensure that senior managers and elected members can make informed decisions on service policy and direction, and that up-to-date information is provided on trading position
- ◆ Ensure that managers have effective control of resources
- ◆ Invest in systems to provide high quality, accurate, reliable, and easily understood performance information on financial and operational matters
- ◆ Set and measure performance targets on service delivery. Utilising external sources as a benchmark (Audit Scotland figures and/or benchmarking groups)
- ◆ Minimise risk and uncontrollable costs
- ◆ Maintain high standards for health and safety
- ◆ Maintain a high level of information to stakeholders

3 KEY ACTIONS FOR CONTINUOUS IMPROVEMENT

Key areas identified for continuous improvement are:

- (i) Repair response times
- (ii) Statutory Performance Indicator results
- (iii) Minimise the number of repeat visits
- (iv) Public perception of provided service

4 FINANCIAL OBJECTIVES

It is projected that the Lighting Maintenance Unit will post a surplus of £10,000 in 2005/06. The unit is actively looking to procure additional external work that can be accommodated within current resources to contribute to the cost of overheads

The projected income for 2005/06 is set out in the following table:

	Totals
Lighting Maintenance, Testing and Inspection	£547,000
Recharges to other Council Departments	£5,000
Christmas Decorations (Council and non Council)	£51,000
Raynesway A77/M77 Maintenance Contract	£10,000
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Total Projected Income	£617,000

5 BUSINESS PROJECTIONS

The table below sets out the financial projections or 2005/06.

FINANCIAL PROJECTION 2005/06	BUDGET 2005/06 £
INCOME	
Charges to Clients	(617,000)
OPERATING EXPENDITURE	
Labour	
Basic	146,916
Overtime	24,687
Other	50,600
Total Labour	222,203
Materials	
Direct Purchases	145,550
Sub-contractors	95,000
Transport	82,496
Capital charges	5,000
Total Operating Expenditure	550,249
Operating (Surplus)/ Deficit Overheads	(66,751)
Property Costs	20,411
Administration Costs	21,250
Departmental Overhead	13,000
Total Overheads	54,661
Operating (Surplus)/ Deficit after internal overheads	(12,090)
Central Overheads	2,090
NET (SURPLUS)/ DEFICIT	(10,000)

6 TERMS AND CONDITIONS

The terms and conditions applied to the Staff within the unit are considered, as a package, to be superior to that offered by private lighting contractors within the area and are in line with the Council's fair employment policy.

7 INFORMATION SYSTEMS

The Unit currently uses the HiLight Horizon Street Lighting Maintenance Management System to manage both its assets and its maintenance regime. The system offers good financial, inventory and performance monitoring of the service.

The Unit intends to trial data capture devices to help reduce the requirement for paper documentation which will further improve efficiency.

8 TRAINING AND STAFF DEVELOPMENT

The Lighting Maintenance Unit is fully committed to staff training and development. All relevant LMU staff have received training on electrical safety near power lines (G39), use of abrasive wheels, mobile elevated work platforms, highway working, safety harnesses, electrical health and safety and IEE Electrical Regulations.

The unit has also sponsored one electrician to take a National Certificate in Electrical and Electronic Engineering.

9 HEALTH AND SAFETY

The Departmental Health and Safety Officer and business unit management have worked closely to develop appropriate risk assessments and have sought to reduce or eliminate all identifiable risks where possible.

As part of this process the unit has been trialling mechanisms to allow existing lighting columns to tilt over and has purchased a small mobile aerial work platform that is capable of operating on narrow footpaths. This will reduce the use of ladders.

10 BUSINESS ISSUES – RISKS AND OPPORTUNITIES

The Street Lighting Maintenance Unit is a small self contained unit and that is both its strength and its weakness. Staff numbers have been reduced to an absolute minimum to compete with the private sector. However although unit absenteeism is low there has been an unexpected short term staff absence in 2004/05 during the busiest period. Fortunately the remaining unit staff were able to compensate for this resource shortfall through flexible working and minimal additional overtime.

The Lighting Maintenance Unit has recently provided a festive lighting installation service to both East Ayrshire Council and many local community

groups. The Lighting Maintenance Unit carried out the installation and removal of festive lighting for the Council at 17.5% less than the lowest tender price received and this work made a useful contribution to the Lighting Maintenance Unit's overhead recovery costs.

The Lighting Maintenance Unit has also been successful in securing work from both Morrison and Raynesway Construction on the new M77 project and is the preferred subcontractor for all emergency and electrical maintenance works for the M77/GSO operator.

The Roads Contracts Unit has in the past been uncompetitive in tendering for lighting installation contracts, but are now through improvements in productivity submitting very competitive tenders in partnership with the Lighting Maintenance Unit. It is hoped that the Roads Contracts Unit will be successful in securing lighting replacement contracts in 2005/06.

11 BENCHMARKING

The Lighting Maintenance Unit's statutory performance indicators compare favourably with other Councils (97% repairs attended within 7 days) in the latest (2003/04) Performance Indicators of Environmental Regularity Services published by Audit Scotland. Although the percentage of faults repaired within 7 days (indicator 6) fell by 1% compared with the previous year this was against a background of 30% more faults being repaired with one electrician's post being unfilled during the busiest period.

The performance figures for the neighbouring Ayrshire Authorities for the same period were, 70% in North Ayrshire and 96% in South Ayrshire, both of which use private contractors.

12 HUMAN RESOURCES

The current Human Resources levels are tabled below.

Staff Compliment	Number
Depot Superintendent	1
Electricians	5
Stores Person	1
Administration Person (2 part time posts)	1

Analysis of predicted workload for the unit indicates that there is now a need to employ an additional member of the electrical repair staff. Due to difficulties obtaining and retaining suitable electricians it is proposed to recruit a modern apprentice, rather than a qualified electrician.

The cost of this post can be fully funded within the Lighting Maintenance Unit's Business Plan.

13 ASSET MANAGEMENT

The Council currently has a stock of 19,293 lighting columns, lit signs and bollards on its inventory. The total number of faults repaired last year rose by about 30% as many of the older lamps replaced under bulk maintenance reached the end of their operational life. The additional repairs were fully funded by the Lighting Maintenance Unit within the allocated budget.

The Lighting Maintenance Unit also managed to carry out £30,000 of lantern improvements within this budget, changing existing yellow SOX lanterns to whiter SON lanterns. The use of more modern lanterns (particularly those with electronic control gear) also improves service performance with longer lamp life and fewer outages.

14 TECHNICAL IMPROVEMENTS

The Unit is continuing to trial improved lamp and lantern types to establish which technologies provide true 'best value'. The cost of electronic control gear continues to fall and it is proposed to make greater use of these in forthcoming years.

Lighting and General Services Section is currently developing in-house its own GIS mapping system. Once fully developed this will provide each electrician with a handheld computer giving the location and switching information on the Council's lighting inventory.

15 MATERIAL PROCUREMENT

The necessary procurement methods as defined by the Council's Procurement Section have always been employed by Street Lighting. A review of this process has been carried out during 2004/2005 in accordance with the Council's Standing Orders and Procurement Strategy.

Due to the increase in work carried out by the Lighting Maintenance Unit, the cost of materials is now approaching levels covered by European Procurement procedures.

To comply with EU regulations it will be necessary to formalise the existing arrangement by inviting expressions of interest from all potential suppliers.

The Procurement Section will develop and implement a 'call off framework' agreement for Street Lighting supplies which will comply with EU procurement regulations.