

Operational Decision Record

Publication Date 22 November 2021	Decision Reference Number 4446
Decision Title	
Advance work on the LED Street Lighting Project	
Decision Value	
£40,000	
Revenue or Capital Spend?	
Capital	
Department	
Growth & City Development	
Contact Officer (Name, job title, and contact details)	
Martin Williams, Commercial Manager, tel: 0115 876 4226	
Decision Taken	
To approve spend and allow procurement to ensure the LED Street Lighting project can be achieved within the timescales/conditions of the successful Levelling Up Fund (LUF) grant.	
Reasons for Decision and Background Information	
<p>A successful bid was submitted by the Council for Levelling Up funding (LUF) to replace the highways street lighting in Nottingham with LED technology. The change will lead to a significant reduction in the energy used by the Council's street lighting stock, thereby promoting Nottingham's carbon neutral aspirations and also leading to cost reductions.</p> <p>The LUF money will need to be spent by March 2024 and the works will be carried out through a variation to the Council's current street lighting private finance initiative (PFI) contract. It is estimated that the works on site will take two years however before the works can start, a deed of variation will need to take place on the PFI contract.</p> <p>Given that PFI contracts are complex arrangements involving a number of parties, deeds of variation can take a significant amount of time to complete. The Council has been in negotiations with the PFI contractor and its main sub-contractor for several months. This was in order to do some preparatory in advance of the funding announcement to try and manage the risk of the deed of variation not being in place before the contractor needs to be on site to meet the ultimate end date for the project in March 2024. However as the outcome of the bid was not known this was done at risk which meant some activities could not be completed.</p>	

Whilst the funding from the LUF bid was formally announced at the end of October, the Council needs to formally accept the grant and approve expenditure from it. This is currently scheduled to take place through a report to Executive Board in December 2021.

However, if this project is to proceed to the timelines set out in the bid and deliver by the March 2024 grant end date there are certain activities that require commissioning and instructing now. This principally relates to the engagement of legal advisors, for which a procurement exercise has been carried out from the East Midlands Lawshare Framework and is also likely to include securing the technical advisor required by the PFI contractor to ensure that documents are reviewed in a timely manner.

In advance of the Executive Board report this decision will draw down the funding already approved for the development and delivery of bids as part of the Local Transport Plan to meet the estimated £40k of costs that will be incurred between now and the formal approval for acceptance of the LUF grant being signed off.

The amount will be reimbursed to the Local Transport Plan once Executive Board approval has been received, or should that approval not be forthcoming then works will stop and the Council's exposure will be limited to the £40k in this decision.

Other Options Considered and why these were rejected

Other options would be to wait until formal approval was received for the grant, but this would result in a delay to the project. In turn this would create a significant risk that not all of the highways street lighting stock would be replaced with LEDs within the timeframe of the LUF grant. As a result this would leave some lights with old technology, leading to a loss in energy savings and a risk that the Council would have to return any unspent grant to the funder.

Reasons why this decision is classified as operational

The decision is below £149,999 with budget approved for this type of spend. There are no policy implications.

Additional Information

- The appointment of external lawyers has been carried out with colleagues in Legal and will be done via a mini tender through the East Midlands Lawshare Framework. The deed of variation is a complex area and the Council does not currently have spare internal resource to carry out the work in the timescales required. The decision to use an external law firm to do this work has been taken in conjunction with Legal Services who have also assisted in the procurement from the East Midlands Lawshare Framework.
- Any costs that the Authority is exposed to from the PFI provider will be kept at a minimum until the time formal approval is granted. It is expected that the PFI provider will need to engage a Technical Advisor to provide funders

with a level of comfort to allow the PFI provider to engage in the deed of variation.

Finance Comments

This decision is funded by secured and banked Integrated Transport Block Grant, and the expenditure is within the current Capital Programme forecast for 2021/22. Therefore, the Capital Programme forecast will not be amended following approval.

As this decision doesn't amend the value of the Capital Programme and is funded entirely by external grant this decision falls outside of the amended scheme of delegation. The wider LUF project has previously been endorsed by the Capital Board and as the Capital Programme will not require amending this decision does not require any further endorsement by the Capital Board.

Tom Straw – Senior Accountant (Capital Programmes)

Decision Maker (Name and Job Title)

Sajeeda Rose, Corporate Director Growth and City Development.

Scheme of Delegation Reference Number

1. All functions within remit

Date Decision Taken

19th November 2021