



**SOUTH
KESTEVEN
DISTRICT
COUNCIL**



Cabinet


6 February 2024

Report of Councillor Ashley Baxter,
Leader of the Council

Award of contract for upgrade of streetlights

Report Author

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Purpose of Report

To seek approval to enter into a contract with E.ON Energy Solutions Limited for a programme of works to upgrade South Kesteven District Council's stock of streetlights to LED units.

Recommendations

That Cabinet:

1. Approves the award of a contract with an estimated value of £1 million for the upgrade of the Council's streetlights to LED units to E.ON Energy Solutions Limited.
2. Requests that the Environment Overview and Scrutiny Committee receives ongoing monitoring updates regarding the project.
3. Delegates authority to the Deputy Chief Executive to ensure the delivery of the project in accordance with the contract.

Decision Information	
Is this a Key Decision?	Yes.
Does the report contain any exempt or confidential information not for publication?	No
What are the relevant corporate priorities?	Clean and sustainable environment
Which wards are impacted?	All wards

1. Implications

Taking into consideration implications relating to finance and procurement, legal and governance, risk and mitigation, health and safety, diversity and inclusion, safeguarding, staffing, community safety, mental health and wellbeing and the impact on the Council's declaration of a climate change emergency, the following implications have been identified:

Finance

- 1.1 Council approved the allocation of £1 million at the meeting on the 28 September 2023 in order to provide the required funding to upgrade the SKDC operated streetlights to LED lighting. The current operational costs for the streetlighting service is budgeted at £633k for 2023/24 and it is projected that following the conversion to LED lighting a reduction of in excess of 61% can be expected.

Completed by: Alison Hall-Wright (Deputy Director of Finance and ICT)

Procurement

- 1.2 It is confirmed that a fully compliant procurement process has been completed and the Council's Procurement Lead has been consulted throughout the process.

Completed by: Helen Baldwin (Procurement Lead)

Legal and Governance

- 1.3 Councils do not have a duty to provide streetlighting, however once provided, the local authority does have a duty to maintain the system in a safe condition.
- 1.4 There are no significant legal and governance implications arising from the report which are not already reflected elsewhere in the report, particularly in relation to procurement and compliance with the Council's Contract Procedure Rules.

Completed by: Graham Watts, Assistant Director (Governance and Public Protection) and Monitoring Officer

Climate Change

- 1.5 The energy reduction potential of upgrading the Council's stock of lamps to LED is significant, with streetlighting being the single largest area of electricity consumption for the Council.

Completed by: Serena Brown, Sustainability and Climate Change Officer

2 Background to the Report

- 2.1 The purpose of this report is to obtain approval to enter into a contract with E.ON Energy Solutions Limited for the upgrade of the approximately 3,100 streetlights to be upgraded to energy efficient LEDs with an in-built dimming programme. This will be delivered in an accelerated programme to maximise short-term energy reductions, with the duration of the call-off contract to be a maximum of 18 months (subject to annual review, budget availability and monitored performance of the supplier).
- 2.2 South Kesteven District Council is responsible for managing a total of 3,893 streetlights within the district which are funded from the Council's General Fund, including 303 lamps located adjacent to the Council's housing stock. These lights are predominantly for providing lighting to footways, and must not be confused with the separate stock of streetlights provided for highways, which are mostly managed by Lincolnshire County Council (LCC).
- 2.3 The majority of lights operated by the Council are 35W (or 36W) low pressure sodium lamps. These account for just over 4% of the Council's total carbon emissions – a significant contribution.
- 2.4 On 12th June 2019 Cabinet agreed a programme of works and budget to upgrade the Council's whole stock of streetlights to LED as a 12 year programme. Following development of a specification for the work the contract was awarded in May 2021 and a programme of LED upgrades commenced. This contract with the supplier has now come to an end.
- 2.5 The table below shows the number of streetlights upgraded to LED so far:

	August 2021	December 2023
Standard streetlights	3741	3180
LED streetlights	152	713
TOTAL	3893	

- 2.6 The opportunity was identified through an analysis of the Council's main areas of utility spend to increase the speed of the upgrades of streetlights. An upgrade from a traditional low sodium lamp to an LED luminaire will deliver an energy and utility cost saving of at least 65%, thereby reducing the Council's single largest expense area for electricity.
- 2.7 Following scrutiny by [Finance and Economic Overview and Scrutiny Committee on 22nd June 2023](#), [Environment Overview and Scrutiny Committee on 11th July 2023](#), and consideration by [Cabinet on 11th September 2023](#), [Council on 28th September 2023](#) agreed to approve an allocation of £1m to accelerate the replacement of Council operated streetlights with LED lamps. It was agreed the scheme was to be funded by a £500k allocation from the Invest to Save Reserve, £250k from the Budget Stabilisation Reserve and £250k from the Local Priorities Reserve.
- 2.8 Environment Overview and Scrutiny Committee (OSC) and Cabinet have received several updates in recent years regarding intentions for a programme of upgrades and ongoing management of streetlights. Following a recommendation by Environment OSC, Cabinet on the [12th July 2018](#) considered and approved a policy addressing how the Council's streetlights shall be managed. This policy includes the objective: *"To ensure South Kesteven District Council streetlights provide illumination during the hours of darkness."* This is a distinction from the LCC streetlighting policy, where lamps are dark between the hours of midnight to 6AM in order to maximise energy savings and achieve further cost savings.
- 2.9 Environment OSC met on 12th December 2023 to review this policy in light of the budget being made available for the upgrade of the Council's existing stock of streetlights. After consideration and discussion by the Committee it was agreed to retain the current policy for streetlights and to proceed with upgrades with a pre-installed programme of dimming between the hours of midnight to 6AM. This allows the lights to maintain illumination during hours of darkness whilst reaping energy efficiency reductions.
- 2.10 The committee also discussed the potential impacts of illumination for wildlife. The specification developed includes provision for the colour temperature of the lamps to not exceed 4000K, removing the possibility of cool spectrum light.
- 2.11 Following agreement of the funding for the project, the procurement process formally commenced. A detailed specification was developed, incorporating valuable lessons from delivery of the previous contract of LED upgrades. The YPO Highways Electrical Installations framework was identified as a compliant route to market. A further competition exercise was run in December 2023 with tender evaluation taking place in the week commencing 22nd January.
- 2.12 On the tender closing date of 22nd January 2024, two bids were received which met all of the mandatory requirements set out in the specification. The bids were evaluated using the following criteria:

Criteria	%
Cost	30
Quality	30
Delivery and Customer Service	30
Social Value	10

- 2.13 An evaluation panel was assembled to ensure that individuals assigned to evaluate the questions were appropriate to the criteria being examined. A process of moderation was then undertaken by the Council's Procurement Officer. Following completion of the evaluation process, the scores awarded were to the bid were:

Criteria	E.ON Energy Solutions Ltd	Bidder 2
Cost	30%	29%
Quality	30%	24%
Delivery and Customer Service	30%	18%
Social Value	8%	6%
TOTAL	98%	77%

- 2.14 In response to concerns raised by Environment Overview and Scrutiny Committee, the suggested luminaire included in the successful tender is also Dark Sky accredited, meaning that there is zero upwards light spill. Front and rear shields can also be fitted to lamps which can reduce any unwanted light spill and help to mitigate the wider effects of providing illumination. Options for further reduction of impact from illumination on wildlife will be explored in depth upon contract commencement in consultation with the Committee and Cabinet Members.
- 2.15 It is therefore recommended that E.ON Energy Solutions Limited be awarded the contract for the upgrade of the existing stock of streetlighting to LEDs.

3 Key Considerations

- 3.1 The opportunity to deliver an accelerated programme of upgrades to the existing stock of streetlights was brought forward in direct response to the sharp escalation in electricity costs. By awarding the contract it is expected that the whole stock of existing streetlights will be upgraded within a maximum period of 18 months. The upgrades are also covered by a 10 year warranty which should vastly reduce the maintenance costs.
- 3.2 As part of budget development for the project showed the upgrade programme to have an anticipated payback period of just over 4 years. Once upgrades are complete there will also be a reduction in operational carbon emissions for the Council.

4 Other Options Considered

- 4.1 A programme of upgrades over 12 years was initially approved by Cabinet. While this option would reduce immediate financial outlay for the Council, there would be significant additional electricity costs for powering the existing stock of streetlights.

5 Reasons for the Recommendations

- 5.1 The proposed contract award has a compliant procurement process and shall help to deliver cost savings through decreased utilities expenditure, as well as a reduction in operational carbon emissions.

6 Background Papers

1. Cabinet 12th July 2018 - [South Kesteven District Council - Agenda for Cabinet on Thursday, 12th July, 2018, 2.00 pm](#)
2. Cabinet 19th June 2019 - [2019-6-11 - Cabinet Street Lighting Report.pdf \(southkesteven.gov.uk\)](#)
3. Finance and Economic Overview and Scrutiny Committee 22nd June 2023 - [Streetlights report.pdf \(southkesteven.gov.uk\)](#)
4. Environment Overview and Scrutiny Committee 11th July 2023 - [Report.pdf \(southkesteven.gov.uk\)](#)
5. Cabinet 11th September 2023 - [Update on upgrading streetlights.pdf \(southkesteven.gov.uk\)](#)
6. Council 28th September 2023 - [Update on upgrading streetlights.pdf \(southkesteven.gov.uk\)](#)
7. Environment Overview and Scrutiny Committee 12th December 2023 - [Considerations for upgrading streetlights to LED Report.pdf \(southkesteven.gov.uk\)](#)