

# Street Lighting PFI Expiry Plan



Walsall Council



# Project Summary

## Background

The Walsall Council street lighting service is provided through contract with Walsall Public Lighting Ltd and delivered on a day to day basis by Amey under private finance initiative (PFI) arrangements. The 26 year PFI arrangement was completed on 28 March 2002 and expires on 30 April 2028. WPL Ltd and its contractor Amey are fully responsible for the maintenance and operation of the street lighting assets for the period of the contract and have to manage them appropriately to deliver the lighting standards detailed in the contract.

There are currently no service delivery arrangements in place for the period beyond 30 April 2028.

## Objectives

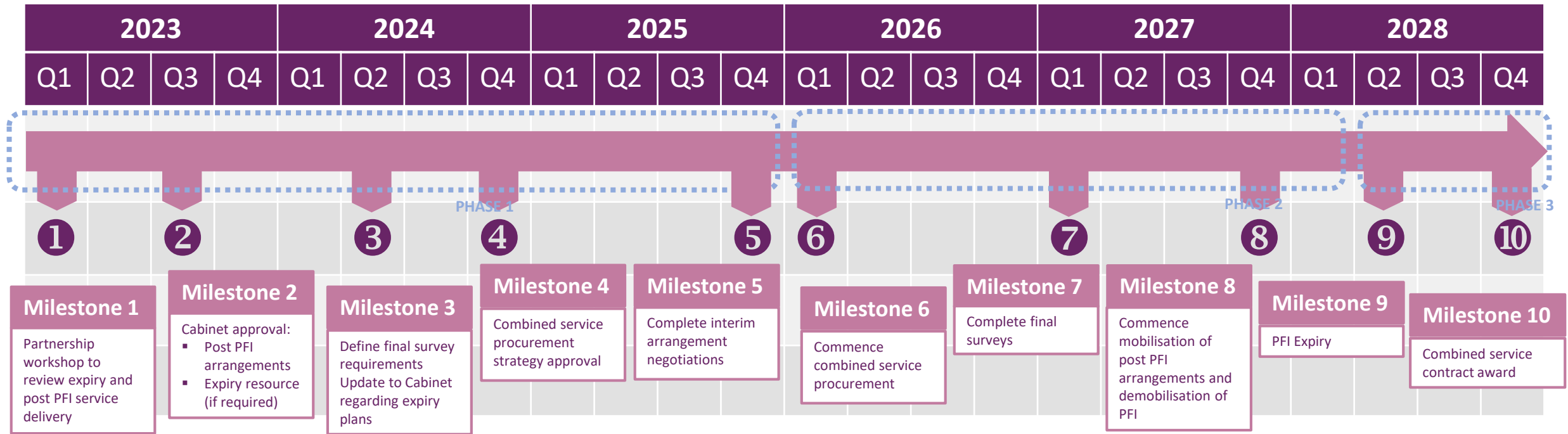
Ensure WPL Ltd meets it's contractual obligations for the contract exit and transition so that full value for money is obtained for the residual period of the contract until expiry.

Ensure that the expiry and transition process fully supports the council's plans for service delivery following the contract expiry so that the required services continue to be delivered.

## Scope

- Electrical testing and associated works
- Structural testing and associated works
- Annual condition inspection
- Twice yearly scouting [signs and bollards]
- Cleaning signs, bollards and luminaires
- Emergency response - 2hr & 24 hr
- RTC support
- Routine repairs and maintenance
- CMS provision
- Design
- Capital programme delivery
- Asset replacement including RTC asset replacement
- Installation of attachments on street lighting assets.
- Installation of electrical connections
- Third Party Works

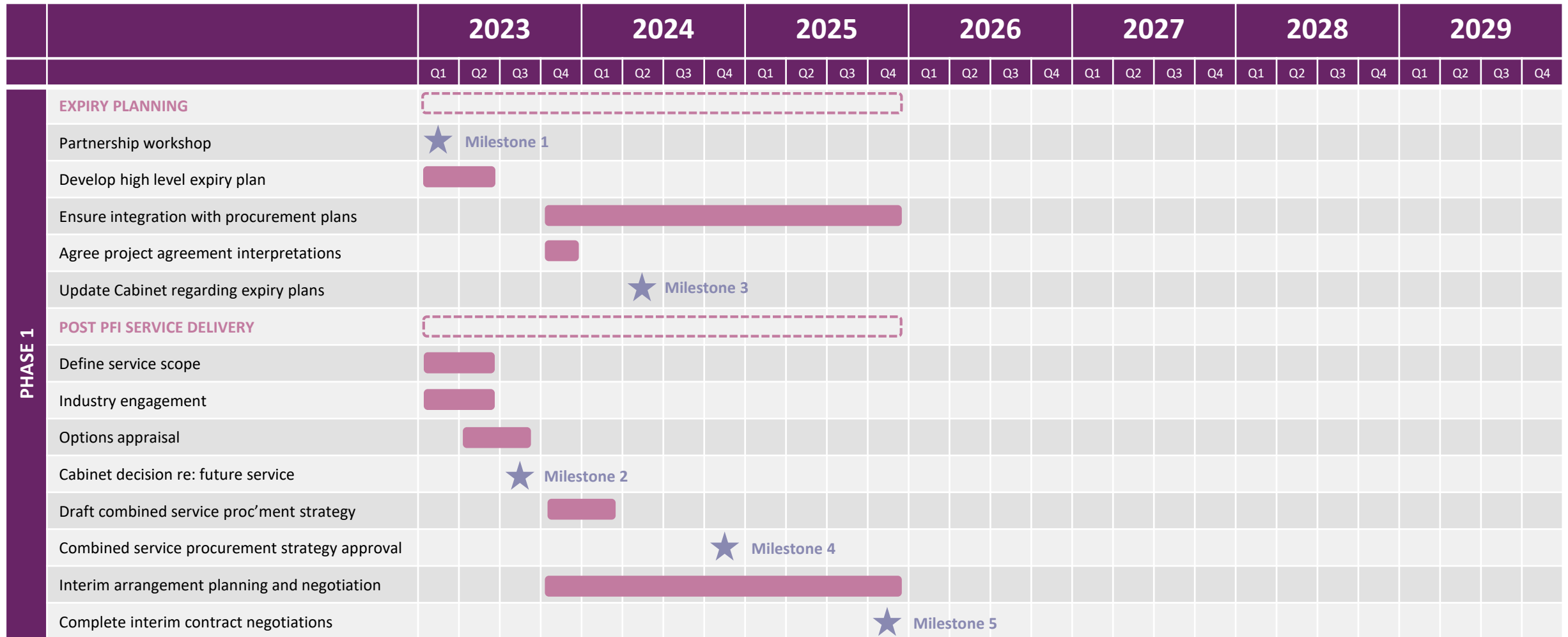
# Milestones



	Theme	Timescale	Deliverables
Phase 1	Expiry planning and decision making	Jan 2023 – Dec 2026	Agree processes and contract interpretations Develop and implement plans and strategies Ensure full integration with future procurement plans
Phase 2	Delivery	Jan 2026 – Mar 2028	Deliver final asset survey, final remediation and handback Review and transfer data, TUPE and systems Run future service procurement Conduct transition planning and mobilisation
Phase 3	Transition and closure	Apr 2028 – April 2029	Complete all handback certification Finalise accounts and close out residual PFI contract issues Bed in new service

# Summary Plan – PFI Expiry [Phase 1]

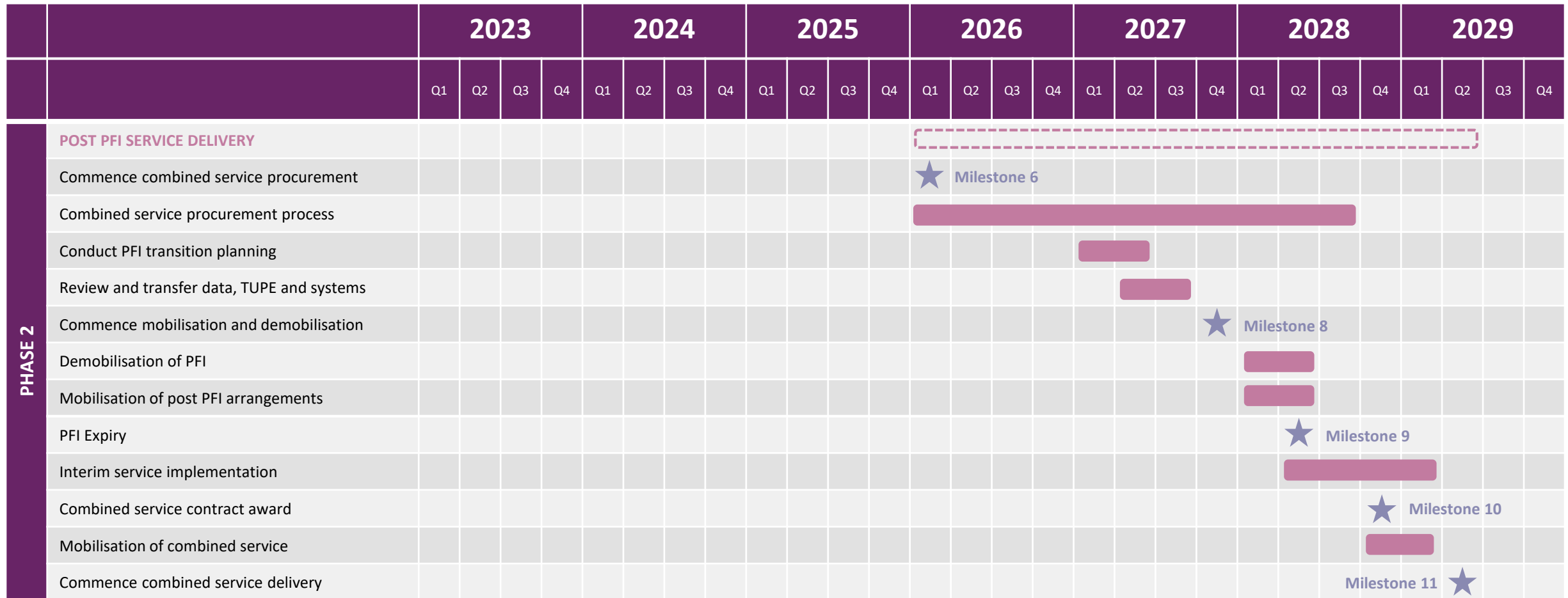
	Theme	Timescale	Deliverables
Phase 1	Expiry planning and decision making	Jan 2023 – Dec 2026	<ul style="list-style-type: none"> <li>Agree processes and contract interpretations</li> <li>Develop and implement plans and strategies</li> <li>Ensure full integration with future procurement plans</li> </ul>





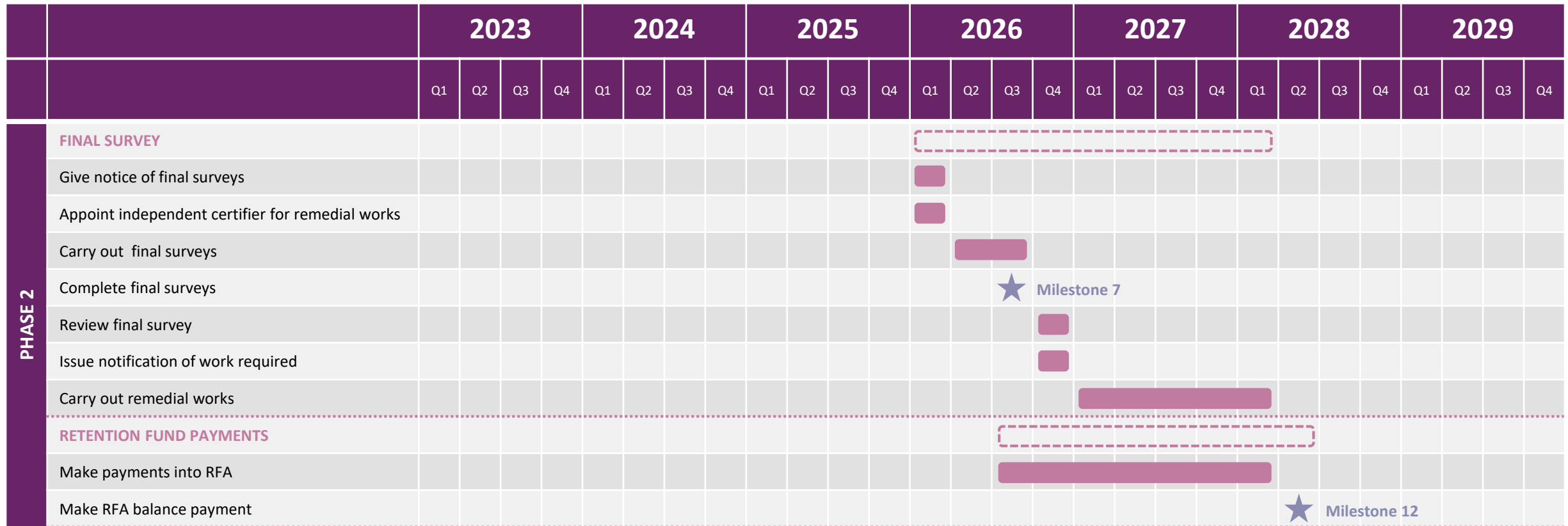
# Summary Plan – PFI Expiry [Phase 2]

	Theme	Timescale	Deliverables
Phase 2	Delivery	Jan 2026 – Mar 2028	<ul style="list-style-type: none"> <li>Deliver final asset survey, final remediation and handback</li> <li>Review and transfer data, TUPE and systems</li> <li>Run future service procurement</li> <li>Conduct transition planning and mobilisation</li> </ul>



# Summary Plan – PFI Expiry [Phase 2 cont.]

	Theme	Timescale	Deliverables
Phase 2	Delivery	Jan 2026 – Mar 2028	<ul style="list-style-type: none"> <li>Deliver final asset survey, final remediation and handback</li> <li>Review and transfer data, TUPE and systems</li> <li>Run future service procurement</li> <li>Conduct transition planning and mobilisation</li> </ul>



# Risk Management

Last Review:

April 2023

Next Review:

October 2023

Ref	Description	Owner	Mitigating Actions	Residual Risk
				Low Med High
1	Expiry is not given sufficient priority within wider business plans, resulting in delayed decision-making, poor resourcing of activity and wasted value.	WMBC	Cabinet decision on key aspects of expiry to be confirmed in July 2023 including appropriate resourcing.	Low
2	Failure to enforce obligations for maintenance leads to double payment – first through the unitary charge payment and again through rectification costs after PFI contract expiry.	WMBC	Current contract performance is good Ongoing performance monitoring is in place	Low
3	Inadequate understanding of asset condition endangers future services provision, with safety risk having been transferred to the authority.	WMBC	Structural testing regime in place and ongoing and results are available at any time for examination. CMS live to provide visibility of service performance	Low
4	Failure to anticipate timely re-provision of services leads to costly interim solutions and/or service disruption.	WMBC	Cabinet decision on interim arrangements to be confirmed in July 2023 Early discussions with existing service provider ongoing at a senior level.	Med
5	A significant level of activity at the tail end of the contract results in the failure to address issues fully, with liability falling back to the authority.	WMBC	Early planning for post-PFI arrangements Handback survey planning underway.	Med
6	There is a lack of people, skills and experience to manage expiry.	All	Appropriate WMBC resource to be identified for approval in July 2023. Existing Amey staff have significant experience in overseeing the end of contracts. Equitix?	Med
7	There is an adversarial relationships between the PFI parties and a lack of effective contract management from both sides.	WMBC/ Amey	Existing relationships are good however there is a risk that discussions relating to 5yr post PFI residual life may provide points of contention. Early discussions will take place regarding assets that appear not to be in A1 condition with a view to determining if remedial action can be undertaken to satisfy the residual life requirements and will be documented and agreed.	Med
8	There is a lack of detail or practicality within the contract around the conditions and processes for expiry and handback.	All	Relevant contract clauses have been reviewed Agreed understanding to be formally documented [ACTION KM/ NS]	Med



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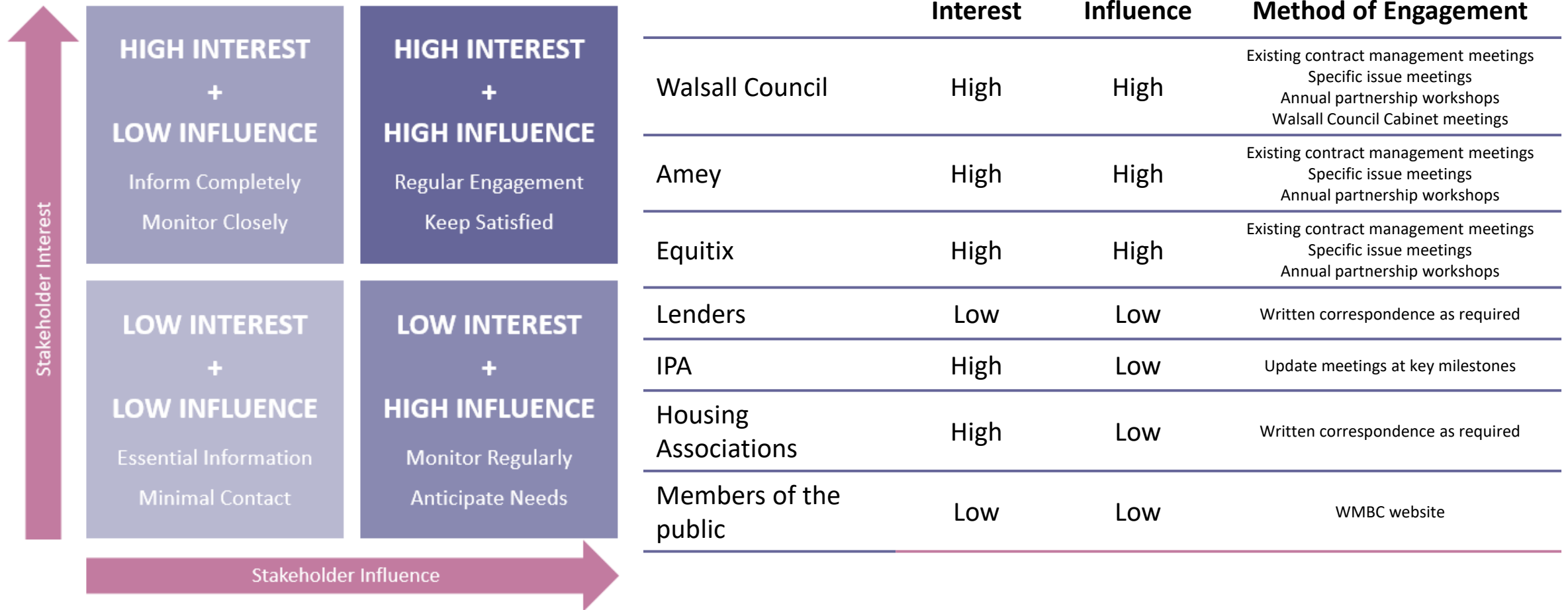
Next Review:

October 2023

Ref	Description	Owner	Mitigating Actions	Residual Risk Low Med High
9	Short term political focus results in a lack of focus on long term planning beyond 2028.	WMBC	Street lighting policy to be reviewed and costed for implementation post-PFI. Capital and Revenue bids to be submitted inclusion in the council's Medium Term Financial Plan – January 2024 Alignment with planning in respect to other high value highways contract procurement	High
10	Follow-on services are not in place by the expiry dates resulting in a failure to provide continuity of services.	WMBC	Interim arrangement to be defined in 2023 with negotiations ongoing thereafter to ensure timely mobilisation. Default completion of PFI would result in automatic TUPE transfer of PFI contract staff to WMBC.	High
11	At the point of expiry, the authority lacks the skills and experience to manage the post expiry service delivery arrangements	WMBC	Plan to be prepared and implemented once post-PFI arrangements are confirmed [July 2023]. Established contract/ service management structure already in place with considerable experience in delivering place based services both directly and via contractual arrangements.	High
12	Direct award of the contract for interim service delivery is subject to a legal challenge by another provider and impacts service delivery during the period immediately after the PFI expires.	WMBC	A documented review of all alternative procurement routes Early market engagement to ensure full transparency and the opportunity for challenge Timely market engagement [2 years before expiry] to ensure time to respond appropriately to any challenge arising.	High
13	Direct award of the contract for interim service delivery fails to deliver best value for the council due to a lack of competition.	WMBC	Market analysis to determine fair pricing benchmarks Monitored performance metrics and deliverable to maintain accountability	High

# Stakeholder Management

## Stakeholder Management



# Resource Management

## Critical Success Factors

The project will need to be sufficiently resourced, with the required capabilities. The appraisal will need to be carried out in a timely basis and to a sufficient level of detail to inform decisions. Future service provision will need to meet the council's statutory obligations as LHA and the anticipated level of customer demand.

## Resource requirements

	Expiry planning and strategy	Procurement of post PFI service delivery	Final surveys	Retention fund payments	Service implementation
<b>Time</b>	1 year + quarterly reviews	3 years	1 year	3 months	6 months
<b>Expertise</b>	Project Management Legal Procurement Contract management Technical - PFI specific knowledge, street lighting service delivery Market engagement and analysis	Project Management Legal Procurement Contract management Service subject matter experts – highways and street lighting Bidding and evaluation Market engagement and analysis	Project Management Legal Procurement Technical - PFI specific knowledge, street lighting service delivery	Financial planning Investment management Accountancy	Project management Contract management Service subject matter experts – highways and street lighting Corporate Landlord Fleet Services
<b>Budget</b>	£10,000	TBC – Combined Service Procurement Strategy	£300,000	NA	TBC – Combined Service Procurement Strategy