# Street Lighting PFI Expiry Plan







#### 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.

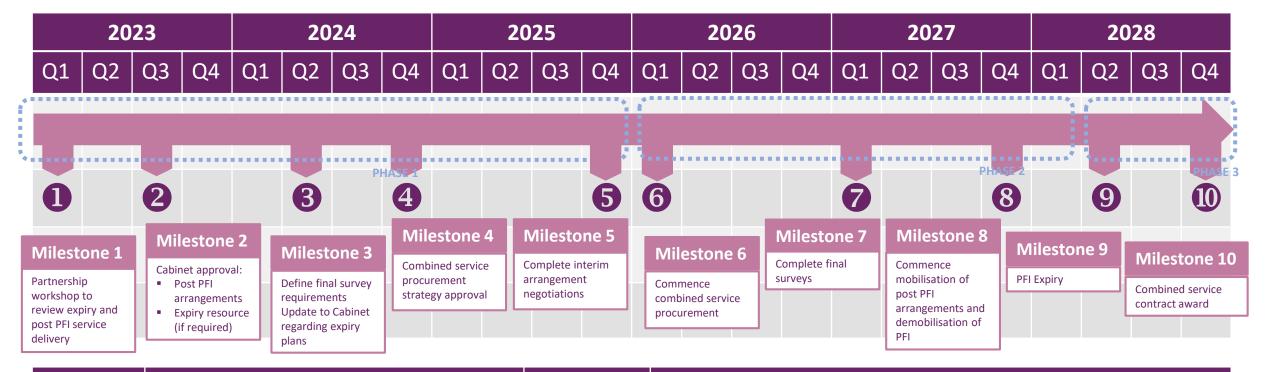
#### Scope

- 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				Time	scale	Delive	erabl	les													
P	hase 1	Expiry planning and de	cision ma	aking		Jan 20 Dec 20		Agree prod Develop ar Ensure full	nd imple	ement p	lans and	strateg	ies	plans									
			202	3		2024		2025		202	26		20	27			20	28			202	29	
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	EXPIRY PLAN	NING							)														
	Partnership w	vorkshop	Milesto	one 1																			
	Develop high	level expiry plan																					
	Ensure integr	ation with procurement plans																					
	Agree project	agreement interpretations																					
	Update Cabin	et regarding expiry plans			7	Milestor	ie 3																
<b>H</b>	POST PFI SER	VICE DELIVERY							3														
PHASE	Define service	escope																					
ᅕ	Industry enga	gement																					
	Options appra	aisal																					
	Cabinet decis	ion re: future service	7	Mile	stone 2																		
	Draft combin	ed service proc'ment strategy																					
	Combined se	vice procurement strategy approval				7	Milesto	one 4															
	Interim arran	gement planning and negotiation																					
	•	erim contract negotiations						*		stone 5													

## Summary Plan – PFI Expiry [Phase 1 cont.]

	Theme					1	Гime	ale	Deliverables																					
P	hase 1	Expiry planning and de	cisic	on n	nak	ing			an 20 Dec 2			D	gree p evelor nsure	p and	imple	ment	plans a	and st	rategi	es	plans									
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			Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
	FINAL SURVE	YS																												
	Agree approa	ach to final surveys																												
<del></del>	Finalise and a	agree scope of final surveys																												
PHASE	Confirm cont	ractor approval for final surveys																												
ᅕ	Procure final	surveys																												
	RETENTION F	FUND PAYMENTS																												
	Set-up retent	ion fund account [RFA]																												

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

Mobilisation of combined service

Commence combined service delivery

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		Theme						•	Tim	esc	ale		Deli	ver	abl	es													
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	POST PFI SEF	RVICE DELIVERY													<u></u>														
	Commence of	ombined service procurement													*	Mile	stone 6	,											
	Combined se	rvice procurement process																											
	Conduct PFI	transition planning																											
	Review and t	ransfer data, TUPE and systems																											
7	Commence r	nobilisation and demobilisation																				*	Mile	stone	8				
PHASE	Demobilisati	on of PFI																											
ᅕ	Mobilisation	of post PFI arrangements																											
	PFI Expiry																							*	Mile	stone	9		
	Interim servi	ce implementation																											
	Combined se	rvice contract award																								*	Mile	stone	10

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

Make RFA balance payment

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		Theme						1	Γim	esc	ale		Deli	iver	abl	es														
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	FINAL SURVE	Υ													([]								]							
	Give notice o	f final surveys																												
	Appoint inde	pendent certifier for remedial works																												
	Carry out fina	al surveys																												
2	Complete fina	al surveys															*	Miles	tone	7										
PHASE	Review final s	urvey																												
풉	Issue notifica	tion of work required																												
	Carry out rem																													
	RETENTION FUND PAYMENTS																					'n								
	Make payme	nts into RFA																												

Milestone 12

## 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.	
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	
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	
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.	
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.	
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?	
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.	
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]	

## Risk Management

**Last Review:** 

April 2023

**Next Review:** 

October 2023

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

#### Stakeholder Management

#### **Stakeholder Management**

HIGH INTEREST

LOW INFLUENCE

Inform Completely

Monitor Closely

**HIGH INTEREST** 

**HIGH INFLUENCE** 

Regular Engagement

Keep Satisfied

LOW INTEREST

LOW INFLUENCE

Essential Information
Minimal Contact

LOW INTEREST

HIGH INFLUENCE

Monitor Regularly
Anticipate Needs

	Interest	Influence	Method of Engagement
Walsall Council	High	High	Existing contract management meetings Specific issue meetings Annual partnership workshops Walsall Council Cabinet meetings
Amey	High	High	Existing contract management meetings Specific issue meetings Annual partnership workshops
Equitix	High	High	Existing contract management meetings Specific issue meetings Annual partnership workshops
Lenders	Low	Low	Written correspondence as required
IPA	High	Low	Update meetings at key milestones
Housing Associations	High	Low	Written correspondence as required
Members of the public	Low	Low	WMBC website

Stakeholder Influence

#### 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	Resource requirements														
	Expiry planning and strategy	Procurement of post PFI service delivery	Final surveys	Retention fund payments	Service implementation										
Time	1 year + quarterly reviews	3 years	1 year	3 months	6 months										
Expertise	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										
Budget	£10,000	TBC – Combined Service Procurement Strategy	£300,000	NA	TBC – Combined Service Procurement Strategy										