

**Report for:** Cabinet – 15 July 2025

**Item number:** 18

**Title:** Extension to the Street Lighting Term Contract

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**Ward(s) affected:** All

**Report for Key/Non-Key Decision:** Key Decision

**1. Describe the issue under consideration.**

- 1.1 This report seeks an approval to extend the Council's Street Lighting Term Maintenance Contract in accordance with CSO's 18.02 & 18.02.2 & 2.01(d)
- 1.2 On 9 July 2019, Cabinet considered tenders for the maintenance of the Council's street lighting and agreed to award the contract to Marlborough Highways Ltd. The contract was initially awarded for a minimum 4-year period commencing 1 October 2019 and ending on 30 September 2023.
- 1.3 However, there was also a provision within the contract for extensions of 2 + 2 years, subject to a review of the performance of the contractor over the initial period of the contract.
- 1.4 In January 2023, the Cabinet approved an extension of the contract to Marlborough Highways Ltd to September 2025. Further extension beyond this date would need to be via a separate Cabinet decision.
- 1.5 This report provides feedback on the contractor's performance and discusses other considerations relating to the extension of the contract.
- 1.6 An extension of the Street Lighting Term Maintenance Contract is therefore sought to the end of June 2027. This will allow the street lighting term contract to align with the current Highways Maintenance and Minor Works Term Contract expiration period

## **2. Cabinet Member Introduction**

- 2.1 Haringey is one of London's best-connected boroughs and the highway network is used by our residents, businesses, and people from across London and beyond
- 2.2 Maintaining and improving our street lighting, plays a key part in ensuring the safe movement of all road users. Street lighting reduces accident risk by improving visibility for pedestrians and drivers. Well-lit streets also deter crime making them safer for everyone.
- 2.3 This report recommends the extension of the Street Lighting Term Maintenance Contract to continue to ensure the ongoing cost-effective delivery of the Council's planned and reactive street lighting works. This extension will also allow the Council to align the expiry of this contract with the wider Highways Contract to allow the Council to pursue greater efficiencies when retendering those services.

## **3. Recommendations**

Cabinet is asked to approve

- 3.1 The extension of the existing Street Lighting Term Maintenance Contract awarded to Marlborough Highways Ltd for the maintenance of the Council's Street lighting assets for a period from 1st October 2025 to 30th June 2027 at an estimated total value of around £2.8m over the extension period.

## **4. Background**

- 4.1 The Council awarded a street lighting contract in 2019 to Marlborough Highways Ltd. This tender process was in accordance with Contract Procedure Rules (CSO) 9.01.1 (Contracts to be let following an appropriate advertisement), including an OJEU Notice published for a competitive tender (using Open Procedure) to identify suitable economic operators for the delivery of the Council's Street Lighting Term Maintenance Contract.
- 4.2 The contract was for a minimum initial 4-year period commencing on 1 October 2019, but with provision for further extensions of 2 + 2 years, subject to satisfactory performance.
- 4.3 In accordance with the contract, the contractor undertakes the general maintenance and repair of the street lighting and illuminated assets that are owned and operated by Haringey Council. In addition to routine maintenance work, there are a range of other activities included in the contract such as

lighting improvement works, and lighting related support works for traffic and safety schemes.

4.4 Marlborough Highways carried out, on the borough highway network, a rollout of conversion to LED lighting in conjunction with the introduction of operational control through a central management system (CMS) by Urbis Schreder. This work is being expanded to the borough's parks and the housing estate road network when any new lighting improvement works are carried out by the contractor.

## **5. Performance of the current contractor and benefits of extending the contract**

5.1 Officers review monthly the performance of the contractor for the key performance indicators (KPIs) that were included in the contract covering; timely delivery of the works, quality of services provided, accuracy of invoicing, and health and safety. In addition, the contractor has proactively worked with officers to respond to demanding changes in its workload due to many issues with the introduction of the CMS in the borough.

5.2 While the contractor has been able to exceed and meet some of the KPI targets, several targets relating to service delivery were adversely affected by issues with the CMS and the resulting extra demands this has placed on the contractor and its resources. The contractor has had to attend sites on several occasions to replace faulty Urbis nodes (mobile network devices embedded into lanterns for remote control) that weren't compatible with the CMS and its software upgrades. Ongoing upgrades in the CMS software has resulted in many existing 3G Nodes being replaced with more modern 4G Nodes. The 4G Nodes are being provided by the manufacturer, as required and at their cost, to ensure that the lanterns are responsive to the necessary and ongoing software changes. This work has substantially increased the resources required by the contractor to meet the demands, as some existing 3G Nodes on lanterns become faulty. The contractor, Urbis and Council officers have worked together to try to minimise these disruptions to the public resulting from the CMS teething issues with 3G Nodes. The contractor has been able to maintain a competent management and workforce framework and has been able to respond to additional workloads arising from increased investments such as lighting improvements in parks and greenspaces.

5.3 The contractor has provided valuable technical support in the rollout of the CMS. It is estimated that, to date, approximately 45 % of the 3G Nodes have been replaced with 4G Nodes. The replacement is ongoing as we become aware of any new faults through monitoring. Currently 1% of the lighting stock would generally be faulty/or failed, at any one time, which is the current percentage figure we currently have which could be due to several factors and not just CMS.

5.4 The CMS results in real-time feedback on the status of all street lighting assets that allows enhanced management of maintenance activities. This

allows the Council to review and extend the supporting key performance indicators.

- 5.5 The contractor is now an Independent Connection Provider (ICP), which allows it to perform a range of tasks related to electrical connections, disconnections and modifications to existing ones. With this additional resource, in the contract, this will allow works to be programmed without reliance on the 3<sup>rd</sup> party of United Kingdom Power Networks (UKPN).
- 5.6 The contractor has offered to install and remove the festive lighting at the end of each year at its own cost to be paid by the Council, and therefore without its overhead and profit element of the price.
- 5.7 Marlborough Highways was also awarded the term contract for highway maintenance and minor highway improvement works and this resulted in the benefits of operational synergy derived from joint operating arrangements, including shared depot facilities within the borough.
- 5.8 There will be no changes to the schedule of rates because of this extension, other than those allowed for in the contract. The extension to the contract value is estimated to be up to and around a total value of £2.8m over this period.

## **6 Options Considered**

- 6.1 The Council could have considered retendering the contract to test the market. However, besides the significant cost of the procurement exercise, there is a limited value in such an option having regard to the following factors:
  - Potential disruption to the current synergy benefit of delivery of both street lighting and highway works contracts through a single contractor operating from the same depot within the borough.
  - Relative competitiveness of the initial tender – the tender evaluations revealed at that tendered time that overall, in a combination of price and quality, the successful contractor achieved an overall margin of 4% over the nearest competitor. In terms of pricing, the contract secured a price margin of 7.5%.
  - Current uncertainties within the market may lead to contractors as perceiving greater risks when tendering. This would likely be reflected in inflated prices received in any new tendering round.
  - The current strategy is for the highways and street lighting contracts to be let in parallel timelines and therefore a percentage reduction option for award of both contracts may be afforded. A tendered short contract of two years for lighting is unlikely to attract competitive pricing.

## **7 Contribution to strategic outcomes**

- 7.1 The Highways and Parking Service will continue to commission street lighting services during the extended contract period, as determined through the Highways and Street Lighting 5-year Delivery Plan approved by Cabinet on 22<sup>nd</sup> April 2025.
- 7.2 In particular, this will help deliver the Council's Local Plan and Corporate Delivery Plan objectives of:
- a) investing in LED street and parks lighting to make Haringey a better and safer place to live,
  - b) improve street lighting and safety, especially around public transport at night,
  - c) encouraging greater use of the well-lit network by cycling and walking to improve the health and wellbeing of all residents and visitors.

## **8 Statutory Officers' comments.**

### **Finance**

- 8.1 The recommendation of the report is to extend the current street lighting term contract from its 6-years, by a further 2 years, which would make this an 8-year contract. As this is a term contract, there is no obligation to incur expenditure (subject to any minimum spend levels).
- 8.2 The anticipated contract value will now be up to around £22.5m. This level of spend will be funded through existing capital and revenue budgets which may be subject to change. The extension will be on the existing terms and conditions and with no increase in rates (other than those allowed for under the contract).

### **Procurement**

- 8.3 Strategic Procurement note that this report relates to the approval of an extension with Marlborough Highways Ltd for the provision of street lighting maintenance services for the Council.
- 8.4 This marks the final extension to the contract which will commence from 1<sup>st</sup> October 2025 to 30<sup>th</sup> June 2027. It is noted by SP that not all KPI's were met due to the reasons given in paragraph 5.2 above.
- 8.5 SP acknowledges the benefit of delivering both street lighting and highway works contracts through a single contractor, however there is a risk that this extension does not represent value for money as current benchmarking rates/fees from the market have not been illustrated.
- 8.6 SP's recommendation to approve the extension is solely based on the risk of service disruption due to the limited time left for the contract to expire. SP supports the recommendation to approve the extension in accordance with CSO's 18.02.1 & 18.02.2 & 2.01(d).

## **Legal**

- 8.6 The Director of Legal and Governance (Monitoring Officer) has been consulted in the preparation of this report.
- 8.7 The extension which this report relates to is permitted under the Council's Contract Standing Orders 18.02.2 and 2.01(d) and Regulation 72(1)(a) of the Public Contracts Regulations 2015 under which the contract was procured.
- 8.8 Further to paragraph 8.7 above, pursuant to Contract Standing Orders 18.02.2 and 2.01(d), Cabinet has authority to approve the variation and/or extension of a contract where the value of the variation and/or extension is £500,000 or more and as such the recommendations in paragraph 3 of the report is in line with the Council's CSO.
- 8.9 The Director of Legal and Governance (Monitoring Officer) confirms there are no legal reasons preventing Cabinet from approving the recommendations in the report.

## **Equality**

- 8.10 The Council has a Public Sector Equality Duty under the Equality Act 2010 to have due regard to the need to:
- Eliminate discrimination, harassment and victimisation and any other conduct prohibited under the Act,
  - Advance equality of opportunity between people who share those protected characteristics and people who do not,
  - Foster good relations between people who share those characteristics and people who do not.
- 8.11 The three parts of the duty apply to the following protected characteristics: age, disability, gender reassignment, pregnancy/maternity, race, religion/faith, sex and sexual orientation. Marriage and civil partnership status applies to the first part of the duty. Although it is not enforced in legislation as a protected characteristic, Haringey Council treats socioeconomic status as a local protected characteristic.
- 8.12 The decision is to extend a contract for term services in relation to street lighting assets. The terms and conditions of this contract require suppliers to comply with Council duties in any works they undertake. Equalities formed a key element of the quality assessment process of the tender award to make sure that the successful tenderer would meet the requirements of the Council.
- 8.13 Equality is a key issue considered when undertaking the design of all schemes/works carried out under this contract.

- 8.14 Improvements to street lighting that will be delivered through this contract extension will benefit all Haringey residents and visitors, with some vulnerable groups, such as the elderly and those with disabilities benefitting particularly.

**9 Use of Appendices**

None

**10 Local Government (Access to Information) Act 1985**

Award of Highway and Street Lighting Term Contracts, Cabinet Meeting - 9 July 2019.

Proposed extension to Street Lighting Contract, Cabinet Meeting – January 2023.

Highways and Street Lighting 5-year Delivery Plan, Cabinet - 22 April 2025.