

**REPORT TO:** PLANNING AND TRANSPORTATION COMMITTEE – 23 FEBRUARY 2004  
**REPORT ON:** STREET LIGHTING PARTNERING AGREEMENT  
**REPORT BY:** DIRECTOR OF PLANNING AND TRANSPORTATION  
**REPORT NO:** 152-2004

## **1 PURPOSE OF REPORT**

- 1.1 This report reviews the existing partnering agreement with Tayside Contracts for the provision of street lighting services and makes recommendations on proposals to develop and extend the partnership.

## **2 RECOMMENDATIONS**

- 2.1 It is recommended that committee:
- 1 agrees to the proposal to extend the street lighting partnership to form a single operational structure with Tayside Contracts for a trial period of 12 months; and
  - 2 authorise the Depute Chief Executive (Management) to review the post of Street Lighting Partnership manager for the period of the trial.

## **3 FINANCIAL IMPLICATIONS**

- 3.1 The costs associated with the proposed changes can be met from within the Planning and Transportation Department's revenue budget for 2003/04 and 2004/05.
- 3.2 Tayside Contracts will meet the costs associated with any additional responsibility payment for the street lighting partnership manager for the period of the trial.

## **4 LOCAL AGENDA 21 IMPLICATIONS**

- 4.1 Street lighting makes an important contribution to road safety, crime prevention and the creation of an acceptable, safe, night-time environment. The after dark environment in Dundee is a key factor in the quality of life for its residents and visitors.
- 4.2 The use of more energy efficient equipment reduces the production of "green house" gases.

## **5 EQUAL OPPORTUNITIES IMPLICATIONS**

- 5.1 Good quality street lighting benefits all groups who feel vulnerable during the hours of darkness.

## **6 BACKGROUND**

- 6.1 The present operational arrangements for the delivery of the street lighting service has remained relatively unchanged for approximately 20 years. The Planning and Land Act 1980 established separate direct labour organisations, and as such the client function of roads and lighting maintenance were physically separated from the contracting role.
- 6.2 In November 1999, Corporate Planning carried out a Best Value Evaluation of the Street Lighting Service. As a result of this evaluation and in line with Government initiatives, it was

agreed that a formal partnership with Tayside Contracts should be entered into as an alternative to compulsory competitive tendering (CCT).

- 6.3 In January 2000 a formal Partnering Agreement between Dundee City Council and Tayside Contracts was signed. The principle objective under-pinning the whole success of the Partnership with Tayside Contracts was to provide a higher volume of work for the same price while ensuring quality standards of the service are maintained. One of the main benefits of the Partnership for Tayside Contracts is the continuity of work and the security of the local work force.
- 6.4 Although it is recognised that there are two distinct roles within the service (client & contractor) it was hoped that a common single approach of removing the contractual pressures and bringing the two team closer together would result in the opportunity to explore innovative solutions to service provision.
- 6.5 A number of workshops between the client and contractor have been carried out to identify and agree the main targets and objectives of the Partnership. Annual reviews and monthly progress meetings have been held to identify and measure the success of the partnership.
- 6.6 Although considerable improvements have been made, it is evident that working out of separate offices and working under two separate management structures has constrained the effectiveness and efficient operation of the partnership. This has led to a failure to meet some of its key objectives most notably, a failure to reduce the average cost to repair each lighting fault.
- 6.7 Discussions have taken place with other Public Lighting Authorities who have similar partnering arrangements and it has been established that the critical difference in their approach to partnering is the provision of a single street lighting management structure working out of the same office.
- 6.8 Due to the introduction of new legislation, the work content for the Contractor is changing from largely a reactive response to instructions from the client, to one which is proactive involving pre-programmed inspections and collection of information. The success of meeting the challenges of this new approach now relies on improved levels of management, supervision and communication. Working out of a single office with common shared systems will aid the success of this new approach and assist in the opportunity to change existing work practices with the purpose of demonstrating continuous improvement in service delivery.
- 6.9 A threat to the successful operation of the partnership is the age profile of the staff, particularly within the client side where three out of six technical staff will retire within a 12 months period. The loss of this local knowledge and experience of those staff members will have a significant affect on the service delivery if steps are not taken now to reorganise and explore the opportunity of making more use of the knowledge and experience within the contractor's personnel. The best way to overcome the above problems is for both parties to come together and look at facing the challenges as one strengthened sole body rather than two weaker halves.
- 6.10 At present, there are a number of areas of the service where duplication of effort is evident. These include supervisory roles and it is hoped that these roles could be better defined and managed within a single operational structure. In addition, records, measurement and financial monitoring are also areas where duplication is evident.
- 6.11 The partnering arrangements will still require to conform to the Council's requirements in respect of Best Value procurement and as such the partnership will continue to benchmark Key Performance Indicators against other councils (Benchmarking Families). It is considered that a suitable model for the financial management of the Partnership would be to continue to work on a cost plus mechanism in conjunction with pre-agreed target levels (schedule of

rates). Each work activity is compared with the agreed rates and targets to ensure value for money.

- 6.12 Although the majority of street lighting work is funded from the council's own capital and revenue budgets there is an increasing element of work that is carried out on behalf of private housing developers or third parties. It is felt that a combined street lighting section with the ability to offer a complete design and build solution would be more successful in winning external tendered work, thereby providing a valuable additional revenue income stream to both parties.
- 6.13 It is therefore proposed that a new integrated partnership structure be formed on a trial basis of 12 months. Following this trial period, a further report will be brought back to committee on the outcome of the trial with recommendations on the future role of the partnership.

## 7 PROPOSED STRUCTURE

- 7.1 Appendix 1 shows both the existing and proposed new staffing structures for the Street Lighting Partnership. In the new structure, the Street Lighting Partnership Manager reports directly to the Partnership Executive Group for all policy and operational issues associated with the partnership. The partnership manager will however continue to report directly to the City Engineer as part of Planning and Transportation Department's divisional structure.
- 7.2 Staffing matters associated with the Tayside Contracts workforce will remain the responsibility of Tayside Contracts internal management. The Street Lighting Partnership Manager will however play an active part in dealing with such issues. Staffing matters associated with Dundee City Council staff will remain the responsibility of the Street Lighting Partnership Manager as present.

The Partnership Executive Group will consist of two senior managers from the Planning and Transportation Department and two senior managers from Tayside Contracts. They will meet monthly to review the performance of all aspects of this trial. This group will report their findings quarterly to both the Director of Planning and Transportation and the Managing Director of Tayside Contracts.

- 7.3 The proposed new structure brings together the following traditional roles of each group:
- **Tayside Contracts** – Staff to organise work schedules, carry out measures, motivate operatives, supervise and measure productivity; and
  - **Dundee City Council** - Policy developers, budget holder, liaison between elected member, public and service provision, SCOTS representation, audit role, design knowledge, policy and practice, knowledge of statutory regulations and requirements.
- 7.4 In blending the various roles, it is thought that the role of the technical design staff will remain effectively unchanged. The big difference will occur with the supervisory staff and at management level where roles will be combined to reduce duplication.
- 7.5 It is envisaged that in general Dundee City Council staff moving up to Clepington Road to work with the contractor will do so on their existing terms and conditions of employment. It is recommended that the post of the Street Lighting Partnership Manager be reviewed by the Depute Chief Executive (Management). Tayside Contracts will meet any appropriate additional responsibility payment for the period of the trial.
- 7.6 It is proposed that the partnership will operate out of the same offices located at Tayside Contracts premises in Clepington Road. Office space there has recently become available and it is planned that all lighting staff will be accommodated in the one office. The electricians will continue to work out of the workshop located adjacent to the main stores. The costs of

relocating offices will be met from within the Planning and Transportation Department's revenue budget for 2003/4 and 2004/05.

Although not exhaustive, the key objectives of moving the two groups together are seen as follows:

- a Improve communication and awareness;
- b Reduce duplication, both in terms of systems and resources;
- c Reduce the average unit cost to repair a lighting fault;
- d Improved Management and reporting;
- e Improve supervision and productivity; and
- f Opportunity to devise new and improved working practices to make more effective and efficient use of resources.

## **8 CONSULTATION**

- 8.1 The Chief Executive, Depute Chief Executive (Support Services), Depute Chief Executive (Finance), Assistant Chief Executive (Community Planning) and the Managing Director of Tayside Contracts have been consulted and are in agreement with the contents of this report.

## **9 BACKGROUND PAPERS**

None

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16 February 2004

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### PROPOSED STRUCTURE STREET LIGHTING PARTNERSHIP

