

Briefing 13/32 July 2013

Street Lighting: Trend Analysis

To: All Contacts

Key issues

The cost of energy continues to be a significant factor for those managing street lighting services.

There remains a stark difference in performance between local authorities repairing lamps and electricity suppliers repairing them with the latter taking far longer.

The level of investment in electronic gear enabling dimming and partial night switch off continues to increase.

This briefing provides details on the performance information available from APSE's performance networks service looking at performance indicators and current policy issues for councils who provide street lighting services.

APSE has been working with CSS Wales (County Surveyors Society Wales) and SCOTS (Society of Chief Officers of Transportation in Scotland) for the past 2 years to ensure the highways and street lighting templates remain up to date and appropriate for their services with a focus on asset management. All Welsh and Scottish councils have now signed up to the APSE highways and street lighting model. The intention of the partnership between the 3 organisations is to support an asset management approach to managing road networks based on asset types rather than an overarching highways or roads umbrella, avoid duplication and focus on service improvement through performance management.

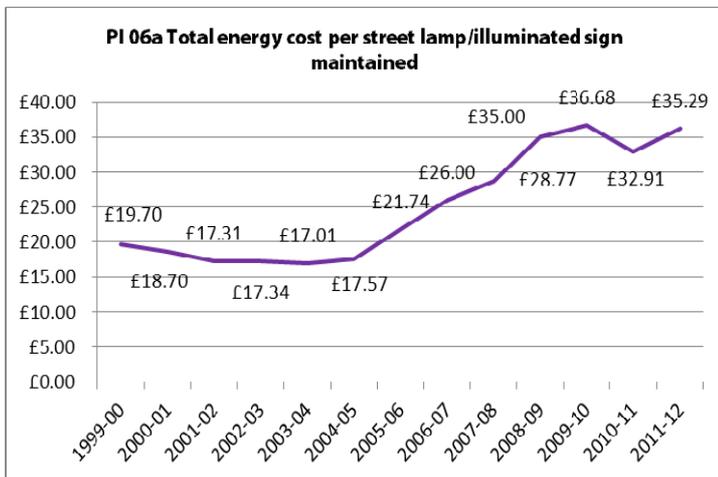
1. Trend analysis

The data referred to in this briefing covers 2011-12, the most recent reported on via Performance Networks.

The cost of energy used in street lamps and signs (PI 06a) continues to be a major issue. It had increased between 2004-05 to 2009-10 from £17.57 to £36.68. In 2011-12 there was a reduction to £32.79, equivalent to a 10.6% drop in costs. However the cost per lamp/sign has increased on average during this time to £35.29 – an increase of 7% on the previous year's figure. The cost has increased 103% compared with the cost in 2003-04 when it was at its lowest over the collection period.

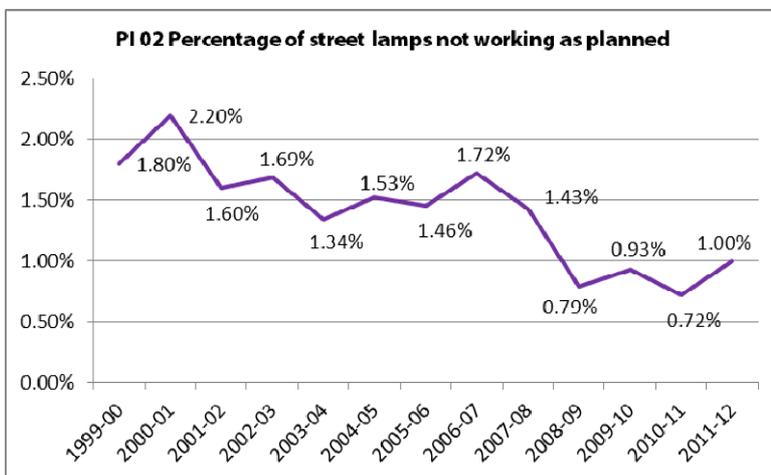
A rise in trials of dimming, trimming and switch off will have an impact locally in reducing bills. However it appears that such are the increases in energy bills that such reductions have not been sufficient to cause an overall reduction. The same is true of developments in procurement practices.

The increase experienced over 2011-12 must be seen within context which includes varying energy prices, the ending and starting of new contracts covering different periods of time and councils coming together to purchase collaboratively. When the kind of trials noted above become commonplace we may see a more stabilised result from this indicator.



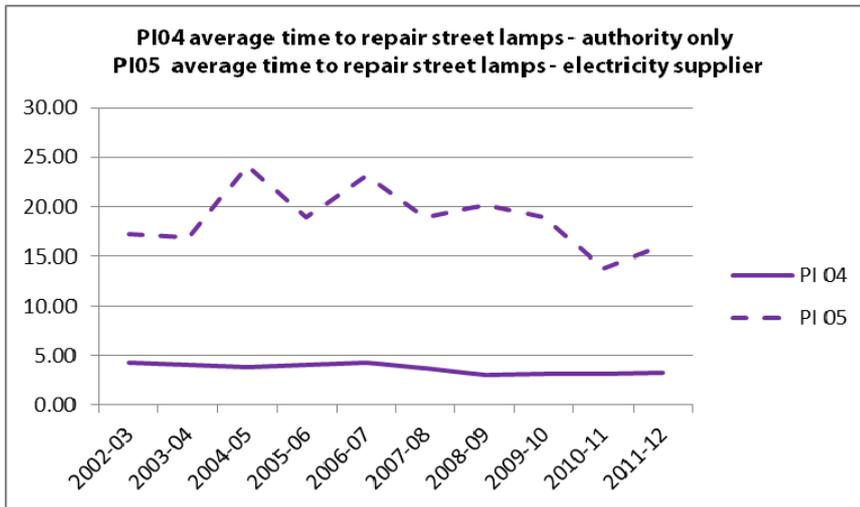
The average cost of maintaining street lights (PI 01a) has increased steadily over recent years from £49.15 in 2005-06 to £56.24 in 2010-11 them subsequently to £58.60 in the most recent collection period. The increase over 2011-012 has been equivalent to 3.8%. The average cost of maintaining street lights excluding bulk replacements (PI 01b) has increased from £41.83 to £43.17, an increase of 3.2%.

PI 02 tracks the percentage of street lamps not working as planned and this has reduced from 1.72% of lamps in 2006-07 to 1% in 2011-12. This is a significant reduction but is slightly higher than the previous 3 years. Clearly there have been improvements in technology over this period making the equipment more reliable and developments in communications have meant those lights not working are identified more quickly. However this remains an indicator which highlights an improvement in service when budgets are being cuts and is certainly a case where a higher level of service is being delivered in a general context of reduced resources.



The average time to repair street lamps (authority only) (PI 04) has moved slightly from 3.16 days to 3.31 days in 2011-12. The results from PI 03 show that the % of lamps restored to working order within 7 days has improved slightly from 91% to 93.26, equivalent to the highest result for this PI since data was first collected.

The comparison of average times to repair street lamps (PI 04 local authority versus PI 05 electricity supplier), remains stark. The figure for electricity suppliers changed from 13.9 days (in 2010-11) to 16.1 days (in 2011-12). For local authorities it moved from 3.2 days to 3.3 days over the same period. This equates to an increase of 16% for electricity suppliers and 3% for local authorities. An element of the improvement made by electricity companies over the previous few years has been lost during 2011-12.

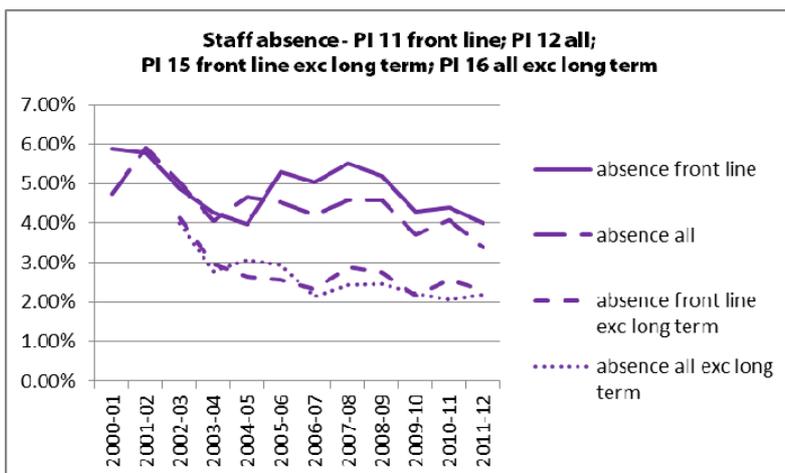


As well as reflecting the difference in performance levels this graph shows the consistency of local authority performance compared with the year on year variation of electricity supplier performance, on average.

Other indicators of electricity supplier’s performance are PI 22 % of faults repaired by regional electricity supplier within SLA/agreed timescale and PI 24 % of works orders (excluding faults) completed by regional electricity supplier within SLA/agreed timescale. Both of these have remained static at 79.2% and 85.8% respectively over the past 2 years. Prior to this, both have shown improvements over recent years.

PI 19 highlights the percentage of street lights that are controlled by electronic gear and reflects the ability of a council to deliver dimming and partial switch off as a policy option. This figure equated to an average of 3.4% in the first year of collection in 2005-06. It has shown a constant increase since then and with an increase from 17.9% to 19.8% in 2011-12. This change reflects developments in technology and an invest-to-save approach. Clearly there will be different levels of investment in different councils but those that have taken a decision to invest either recently or over the past decade will be in a far better position to benefit in terms of energy saving and carbon reduction moving forward.

The 4 absence PIs reflect both a long term reduction in absence as well as a reduction over 2011-12 in 3 of the PIs. Long term absence remains an issue having a significant impact on rates and the distinction between the rates with and without long term absence is clear from the graph. Those services with small numbers of staff appear to have substantial rates of absence when there is sickness within the team. It is an area of concern for all in local authorities not least because it has implications for both costs and productivity. Better absence management has also had an impact on performance.



2. Unit Costs

Percentage breakdown of street lighting costs

Area of operation	% of total 2009-10	% of total 2011-12
Energy costs	42.8	39.2
Internal day to day maintenance	12.8	15.3
Other internal maintenance costs e.g. vehicles, equipment, CECs, knock downs.	13.7	9.8
Bulk replacement – internally and externally delivered	16.0	14.3
External day to day maintenance	6.1	6.9
Client management costs	6.8	12.9
Inspection	1.8	1.7
Total	100	100

The table above shows the average percentage breakdown of the costs of providing the street lighting service. It is clear that the major cost of the service is energy and, as mentioned above, this is the area where biggest potential savings can be made. The proportion spent on energy has reduced slightly and although this is encouraging in terms of the direction of change, there is clearly more to be done in terms of the scale of change achieved. Although the energy figure is an accurate one the other figures take into account councils who provide all internal or all external services and so are true averages of all providers rather than of just those services provided by each council for example internal, external or mixed provision. The proportion of the budget spent on energy remains striking.

3. Interpretation of data

Oil and energy production and supply cost increases have, and will continue to contribute to the rising energy cost per street lamp/illuminated sign. The long term energy contracts which have helped some councils to avoid increased costs will inevitably come to an end and it will be interesting to see how councils and purchasing consortia look to avoid high energy costs in future. This year's reduced figure may reflect the end of some contracts and re-negotiation on lower tariffs. Joint procurement of the type happening in Scotland will have an impact on keeping down energy prices and councils must make the most of these opportunities. Managing energy costs will be a major issue not only for street lighting and highways functions but for the entire council and investigation and management of council's energy bills is an activity which will undoubtedly acquire a high profile. The discussion around dimming, partial and full night time switch off will continue but the energy saving aspect must be weighed against the community safety/fear of crime issues which may arise. The feelings of street lighting professionals and residents are not always in line and consultation will remain a major issue when capital investments are planned.

Local authorities are maintaining their high level of performance for restoring street lamps to working condition, which obviously has an impact on public safety and the quality of the environment. The difference between their performance and that of the electricity companies has reduced which is a welcome change. However the council remains responsible for the street lighting service whoever the provider is and so they must maintain pressure on the electricity companies to continue to improve their own performance.

Some councils have noted that they have no influence on the performance of the electricity suppliers. Even though this may be accurate, councils must be seen to be confronting this situation rather than accepting it as an immovable situation.

4. Future focus

There is now an unprecedented challenge facing councils throughout the UK in both managing reductions in funding as well as a greater demand for public services. Local authorities need to develop innovative and imaginative ways of addressing the funding gap and performance measurement is one means of evidencing the value of services, identifying cost savings, identifying new opportunities for income generation and service improvement, as well as demonstrating competitiveness. Across the UK, public sector performance measurement and management will form the basis of achieving efficiencies and value for money within local government. The recent Audit Commission Report, *Tough Times* (November 2011), looks at councils' responses to a challenging financial climate. It found that *'most councils were using benchmarking information to identify efficiency improvements and were challenging how services are delivered.'*

In England, the recent 'open public services' white paper emphasises that data is critical to demonstrating competitiveness and also to accountability and transparency. The introduction of a new regime after Comprehensive Area Assessment will see a greater reliance on existing sources of data such as APSE performance networks. The House of Commons Communities and Local Government Committee report on the audit and inspection of local authorities stated that with the demise of national indicators, for now at least, there should be comprehensive local reporting against local objectives with maximum transparency. The code of practice on data transparency is also worthy of note in terms of the use of performance networks data and reports.

In Northern Ireland, both the Local Government Reform 'Policy Proposals Consultation' by the DoE and the 'Case for Change' Consultation Paper from the Local Government ICE Programme have made reference to performance management as fundamental for the development of local government in Northern Ireland. The reports talk about the need to specify performance indicators, publish information and develop consistent, robust baseline data.

The Scottish Government's Commission for the Future Delivery of Public Services placed a significant emphasis on the need for robust approaches to benchmarking with organisations being required to use key data to assess and evaluate performance particularly in relation to the need to deliver outcomes. A key strand in the Scottish Parliament's Local Government and Regeneration Committee's recent inquiry into public service reform is benchmarking and performance measurement. This includes examining the development of benchmarking and assessing how it can contribute to the performance of local authorities in Scotland. The principles of Best Value 2 include improved coverage of service performance and Best Value 2 is a proportionate and risk-based approach, founded on self assessment.

In Wales, the new Performance Improvement Framework which was introduced in April 2011 has a focus on local, service improvement data as well as more formal, national measures. Service improvement data is to be used by local authority services and their regulators as they plan, deliver and improve services. The make-up of this data set will be defined by local authorities according to need and value, collated centrally and shared within the local government community to support service improvement.

Throughout the UK there is a common thread of the growing importance of local performance management systems to:

- Set a clear baseline on which competitiveness, efficiency and value for money can be measured in a systematic manner
- Assess the quality, cost and competitiveness of the services that councils provide on a regular basis
- Report data in meaningful ways to both elected members and the public
- Identify direction of travel and pace of change with regard to service delivery
- Identify inefficiencies such as poor productivity or absence management
- Support service improvement through process benchmarking and sharing best practice arrangements

Robust performance measurement tools are increasingly being recognised as evidence within devolved national frameworks, as a means to demonstrate transparency and accountability. As a result, systems that have been developed and refined over the years by local authorities such as APSE performance networks will continue to be an invaluable tool.

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