

# **REPORT TO ENVIRONMENT SCRUTINY COMMITTEE**

## **REVIEW OF LED CONVERSION PROJECT**

### **1. Introduction and Background**

**1.1** The Authority section has continued to implement a programme to convert sodium lanterns to LED lanterns as approved by Executive board on 27<sup>th</sup> July 2015. The programme was developed to deliver a targeted efficiency saving of £627,000 over a three year period.

**1.2** The report to Executive Board set out that £401,000 of revenue savings would be achieved through converting the Sodium lamps to LED with a further £227,000 to be delivered from reduced maintenance, labour and plant costs.

**1.3** Executive Board resolved:

1.3.1 That the Technical Services Department be authorised to prepare a business case to pursue the option of funding the capital investment required to deliver the “Converting sodium lanterns to LED lanterns” option savings over the next years to implement Phases 1-3 noted in the report, via the WAG “Invest to Save” fund.

1.3.2 That the Technical Services Department’s reserves (Fleet Management Reserve) be utilized to fund the capital works (up to £1.875m) required to deliver the PBB savings identified in Phase 1 and Phase 2 of the report, and that the Department continues to investigate alternative funding for Phase 3;

1.3.3 That the Public Lighting section fully implements measures to deliver the options for reducing maintenance, vehicle and labour costs noted in the report thus reducing its operational costs in order to meet its PBB targets;

1.3.4 That, should the proposals noted above fail to be delivered, then a programme of “de-commissioning” lights on the road networks be prepared by the Public Lighting section to achieve the required budget savings for the outstanding amount and report thereon be submitted in due course.

**1.4** The capital investment required to fund delivery of the first phases of the programme was secured from a Wales Government Invest to Save Fund and reserves.

The programme was structured into three phases as set out in the Table One overleaf:

**Table One**

<b>Phase</b>	<b>Programme Detail</b>	<b>Capital Investment 000's £</b>	<b>Forecast Revenue Savings £</b>
<b>1</b>	Convert 3,202 Lanterns to Dimmable LED	<b>925</b>	<b>119</b>
<b>2</b>	Convert 4,429 Lanterns to Dimmable LED	<b>950</b>	<b>153</b>
<b>3</b>	Convert 4,776 Lanterns to Dimmable LED	<b>1090</b>	<b>137</b>
<b>Total</b>		<b>2,965</b>	<b>409</b>

## 2.0 Progress

Funding for the programme was secured through a £1.4 million Invest to Save Loan and the balance from the reserves, as approved by Executive Board.

The original programme was reviewed and amended to exploit advancement in technology and improve efficiency during the installation phase. The detail is set out in Table Two below:

**Table Two**

<b>Phase</b>	<b>Original Detail</b>	<b>Progress</b>	<b>Capital Investment Incurred/Forecast 000's</b>	<b>Variation</b>	<b>Revenue Savings Realised/Forecast</b>
<b>1</b>	Convert 3,400 Lanterns to Dimmable LED	Converted 3,400 lamps	<b>586</b>	<b>- 339</b>	<b>145</b>
<b>2</b>	Convert 2,945 Lanterns to Dimmable /high Wattage LED	Ready for Implementa tion	<b>697</b>	<b>--</b>	<b>153</b>
<b>3</b>	Convert 6,074 Lanterns to Dimmable LED	Due for delivery in 18/19	<b>1,158</b>	<b>--</b>	<b>137</b>
<b>Total</b>			<b>2,441</b>	<b>-339</b>	<b>435</b>

Further savings of **£309,000** have also been realised from changes to the operational delivery in the areas of maintenance, vehicles, energy and labour. The total saving delivered to the end of Phase One is **£454,000**.

The saving delivered to the end of the current financial year is consistent with the budget profile as set out in Table Three below.

**Table Three**

	2015/16 £000's	2016/17 £000's	2017/18 £000's	2018/19 £000's
PBB Savings Target	258	196	173	107
<b>Cumulative</b>	<b>258</b>	<b>454</b>	<b>627</b>	<b>734</b>

In terms of capital investment, the authority has drawn down £950,000 of an agreed invest to save loan of £1,400,000 and plans to draw down the full value of the loan by phase 3 of the programme.

The forecast savings moving forward are reliant on the Department continuing to sustain the efficiencies, the programme is subject to risk particularly with regards to energy costs. The programme will be reviewed following completion of Phase 2.

The project to date has been successful in delivering the efficiencies envisaged at the outset, a further review will be undertaken near to the completion of Phase 2 to determine if Phase 3 can be delivered in line with the original programme.

#### **Conclusion and Recommendation.**

**Members are asked to consider and comment on the progress to date as set out in the report.**