

Chief Highways Officers  
Local Highway Authorities  
in England And Outside London

17 March 2003

Dear Sir/Madam

**LOCAL GOVERNMENT PRIVATE FINANCE INITIATIVE (PFI): STREET LIGHTING SCHEMES**

This letter invites Expressions of Interest from local authorities either individually or jointly who wish to pursue PFI street lighting projects, which require central government support in the form of PFI credits.

The Government has an objective in its 10 Year Plan to tackle the backlog in street lighting maintenance over the period of the plan. The street lighting backlog was calculated in 2000 at £1 billion based upon surveys by the CSS (formerly the County Surveyors Society) and the lighting industry.

The Government has decided that for 2003/04 and 2004/05 there will be no indicative allocation for street lighting through the LTP process. However, Ministers announced on 17 October that £300 million in PFI credits would be made available in 2003/04 to authorities in England and outside London for street lighting. This letter provides further details on the bidding round from which decisions will be made on the allocation of these PFI credits. A further £85 million in PFI credits will be made available over the next three years for street lighting projects in London, the allocation of which will be managed by the Government Office for London. This £385 million is in addition to the £193 million of PFI credits already approved for nine street lighting projects.

All authorities will continue to be able to use their Local Transport Plan (LTP) funding and other capital resources within their Single Capital Pot for street lighting expenditure. They will also be able to continue to use funding provided through the Revenue Support Grant for capital work on street lighting.

Expressions of Interest should be submitted on or by 31 July 2003 and in the format specified in the attached guidance. Electronic versions of an Expression of Interest are acceptable. We hope to include decisions on which proposals will go forward to the next stage of this process in the LTP December 2003 decisions letters. Authorities whose projects go forward to the next stage will be required to prepare an Outline Business Case (OBC) for consideration first by Ministers and then by the inter-departmental Project Review Group (PRG). PRG is chaired by the Office of Government Commerce and must endorse all local government PFI projects seeking central government support before they start the procurement process.

Our purpose in inviting Expressions of Interest at this first stage is to minimise the time and effort authorities spend on developing projects which do not ultimately receive support. However, we are asking applicants to carry out some investment appraisal so that the likely level of PFI credits required is as accurate as possible and so the transport case of projects can be considered.

In developing projects authorities will be able to draw upon the experience of the early street lighting PFI projects through the 4ps street lighting forum. Advice and support can also be obtained direct from the 4ps. This body is the non-profit making Local Government Agency set up to help local authorities develop and deliver public private partnerships, including PFI schemes. They are independent and publicly funded. One of the 4ps' primary roles is to help local authorities turn ideas into projects that are supported by government and to support local authorities in their relationships with the private sector. For information about the range of services they can provide, the 4ps executives with responsibility for transport schemes are David Locke and Andrew Hugill who can be contacted at:

Public Private Partnerships Programme  
Artillery House 7<sup>th</sup> Floor  
11-19 Artillery Row,  
London  
SW1P 1RT

Tel: 020 7472 1550

Alternatively information can be obtained from the 4ps website at <http://www.4ps.co.uk>.

The Department will expect authorities to make use of the 4ps street lighting procurement pack when developing and delivering their schemes. This procurement pack is included on the 4ps website.

Please also do not hesitate to contact the Department for Transport staff identified in the attached guidance if you have any questions.

Yours sincerely

**Paul Foscett**