



SSE CONTRACTING WIN £100 MILLION PFI STREET LIGHTING CONTRACT

Reading-based SSE Contracting, the UK's largest public lighting contractor, is part of a consortium that has entered into a £103 million street lighting Private Finance Initiative (PFI) contract with Stoke-on-Trent City Council.

A consortium comprising SSE Contracting, Scottish and Southern Energy (SSE) and Lombard, the asset finance division of The Royal Bank of Scotland, will work in partnership with Stoke-on-Trent City Council to provide high quality street lighting throughout the City.

The City Council is the first local authority in the country to procure a Street Lighting PFI contract that replaces every unit of apparatus over the contract term. Under the 25-year agreement, SSE Contracting will be responsible for the replacement, operation and maintenance of all of the City's streetlights, illuminated signs and bollards.

This will involve the prioritised replacement of obsolete stock, with approximately 25,000 units of apparatus being replaced in the first five years. The remaining 14,000 units will be replaced as they become life expired over the lifetime of the contract. As part of the contract SSE will, for the next five years, provide the City's street lighting with Green electricity, generated from renewable energy sources such as hydro-electric and wind.

Managing Director of SSE Contracting Lighting Services Ray Stowell commented: "This is a very important contract for us and is the first time we have taken on a PFI to replace and maintain street lighting." Mr Stowell added: "We operate on a high efficiency low-cost basis and that means we can offer the City Council a good technical specification at a very affordable price."

Steve Tams, Assistant Director (Highways & Transportation) said: "The contract will deliver significant improvements in the standard of lighting throughout the City with the primary objectives being to reduce the number of road traffic accidents, incidents of crime and also fear of crime. Improved lighting levels will also enhance the quality of the environment and improve the image of the City."

The joint venture (JV) formed by SSE and Lombard combined their respective technical and structured finance expertise, to deliver operational flexibility year on year whilst maintaining for the council the certainty of a fixed payment profile over the 25-year period. The result is a cost-effective solution for the design, build and operation of the City's street lighting stock through the allocation of responsibilities to those best placed to understand and manage the risks over the long term.

Maintenance work on the contract is scheduled to start on 1st September 2003. Phased replacement of obsolete stock will begin at the end of September.