

Sandwell Metropolitan Borough Council

**Exemption in accordance with Procurement and Contract
Procedure Rules**

**Street Lighting Investment Programme – Central Management
System (Telensa Ltd)**

1. Summary Statement

1.1. Exemption being sought

1.2. An exemption to Rule 8 of the Procurement and Contract Procedure Rules is required in order to directly award a contract without advertising and obtaining 3 tenders.

1.3. Summary

1.4. On the 14th November 2018, a capital allocation of £3.867 million was approved to convert 11,329 life expired SOX lanterns to energy efficient LED lighting.

1.5. The Council conducted a mini-competition on a Black Country Framework Contract for the SOX lantern replacement project and the successful tenderer Fitzgerald Contractors Ltd will be installing 3,674 as part of Tranche 1 of 3 over the next 6 months.

1.6. The spend-to-save street lighting Investment contract awarded also included the provision for installation and commissioning of a Central Management System (CMS).

1.7. CMS is a dynamic communication system that provides for remote switching/dimming control, fault management and energy reconciliation for the newly installed LED street lighting lanterns. The system works through switching nodes installed on each lantern communicating to web hosted back office systems via sub-masters using wireless and mobile phone technologies.

- 1.8. As part of the mini-competition exercise Fitzgerald Contractors Ltd will provide the CMS supplied by Telensa Ltd.
- 1.9. The ongoing maintenance service, running and management costs for the CMS will fall to the Council.
- 1.10. The Council now has a requirement to enter a service and management contract with Telensa Ltd to maintain service continuity.
- 1.11. The service is priced at a fixed price per node charge that reduces on a sliding scale the more nodes are deployed as follows:

Nodes Active	Annual Rate per Node
3,600	£2.78
11,000	£2.51
32,000	£1.43

- 1.12. The following is a breakdown of what the Council will be paying over the 5-year contract: -
- Year 1 = 3,674 units x £2.78 = £10,213.72
Year 2 = 8,240 units x £2.78 = £22,907.20
Year 3 = 11,329 units x £2.51 = £28,435.79
Year 4 = 11,329 units x £2.51 = £28,435.79
Year 5 = 11,329 units x £2.51 = £28,435.79
Total = £118,428.29
- 1.13. Due to issues of interchangeability and interoperability with other systems only Telensa Ltd can provide the service and management provision of its own CMS.
- 1.14. In order to ensure compliance with the Council's Procurement & Contract Procedure Rules approval is sought to enter into a supply contract with Telensa Ltd in accordance with the terms & conditions which have been reviewed by Sandwell Legal Services.
- 1.15. The Procurement Business Partner has been consulted and their advice is that an exemption is required in order to contract with Telensa Ltd.

- 1.16. Legal Services have been consulted and their advice is despite being below EU Procurement threshold, Treaty Principles must be complied with in accordance the Commissions Interpretive Communication. The report specifies that no other provider can provide the maintenance system required and as such the contract complies with the Council's Procurement and Contract Procedure Rules.
- 1.17. In accordance with the Council's Procurement & Contract Procedure Rules (Rule 15) an Exemption from any rule for a contract between £50,000 and £250,000 must be approved by the relevant Chief Officer and Chief Finance Officer (S151) following endorsement by the Procurement Services Manager. An Exemption request can only be approved by the Chief Finance Officer (S151) where they are independent from the original decision-making process. Where the exemption applies to a service that is the responsibility of the Chief Finance Officer then the exemption must be approved by the Chief Executive in his or her place.

2 Recommendations

- 2.1 That the Council enter a supply contract with Telensa Ltd for the provision of service and management of the street lighting central management system in accordance with the terms & conditions at a cost of £118,428.29 for a 5-year period (April 2019 to April 2024).
- 2.2 That any necessary exemptions be made under the Council's Procurement & Contract Procedure Rules to enable the course of action referred to in 2.1 above to proceed.

I confirm that the action(s) recommended above comply with the Council's Procurement and Contract Procedure Rules (Rule 15):

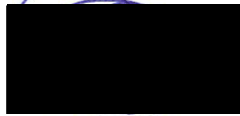


Sam Turner
Procurement Business Partner

Date: 13th March 2019

In accordance with the Council's Procurement and Contract Procedure Rules (Rule 15), I approve the action(s) recommended above:

I ~~do~~/do not have an interest to declare in this matter



Amy Harhoff
Director of Regeneration & Growth
Date:

In accordance with the Council's Procurement and Contract Procedure Rules (Rule 15), I approve the action(s) recommended above:

I ~~do~~/do not have an interest to declare in this matter



Darren Carter
Executive Director - Resources (S151 Officer)
Date:

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18/3/19

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3. Procurement Implications

- 3.1 An exemption to Rule 8 of the Procurement and Contract Procedure Rules is required in order to directly award a contract to Telensa Ltd without advertising and obtaining 3 tenders.
- 3.2 The Procurement Business Partner has been consulted and their advice is that an exemption is required in order to contract with Telensa Ltd. They are satisfied that the offer from Telensa Ltd provides value for money when compared with what is currently being paid for the existing CMS system.
- 3.3 The value of the contract to be entered into will be below threshold for the purposes of a public supplies and services contract under the Public Contracts Regulations 2015.

4 Legal and Statutory Implications

- 4.1 Legal Services have been consulted and their advice is despite being below EU Procurement threshold, Treaty Principles must be complied with in accordance the Commissions Interpretive Communication. The report specifies that no other provider can provide the maintenance system required and as such the contract complies with the Council's Procurement and Contract Procedure Rules.

5 Background Details

- 5.1 The capital cost of procuring, installing and commissioning the CMS was competitively tendered as part of the Street Lighting Salix spend-to-save investment in 2018 at a cost of £3.867M.
- 5.2 This exemption concerns the on-going running and system maintenance costs.
- 5.3 Having recently procured the Telensa CMS via the Black Country Framework Contract the reported benefits can only be delivered by maintaining the system long-term.
- 5.4 The Council currently have 47 base stations supplied by its existing CMS provider SSE Contracting Ltd (trading as

Mayflower Complete Lighting Control) at a cost of £1,000 each. To cover the borough of Sandwell using Mayflower the Council would need to purchase an extra 13 base stations. Using the Telensa system the Council only requires 9 base stations at a cost of £572.00 each, the cost saving being £7,852.00.

- 5.5 The Council have approximately 30,000 lighting columns within the borough and currently have 4,362 Mayflower nodes installed. To convert the remaining lighting columns using Mayflower nodes would cost £3.2 million. The current cost of a Telensa node is £54.00, to convert 30,000 columns using Telensa nodes would cost £1.6 million.
- 5.6 To replace all Mayflower nodes and base stations would cost £250,000.00. Therefore, the recommendation is to enter a contract with Telensa for a 5-year period. Moving forward, if any Mayflower nodes fail they will be replaced with Telensa nodes eventually phasing out the Mayflower CMS system. All further Section 38 developments will then specify the Telensa CMS system.

6 Alternative Options

- 6.1 Alternative CMS systems are available and due to a 50 percent increase in node cost replacements the Council carried out a mini-competition process to replace 11,329 lanterns and a CMS system over the next three years. This contract was procured through the Black Country Framework Contract. The tender submissions returned all recommended Telensa CMS and not Mayflower CMS due to the cost difference in nodes and the lesser number of base stations required to cover the borough of Sandwell using the Telensa system.

7. Source Documents

None