

To: Procurement Sub Committee

On: 16th March 2016

Report by:

**Joint Report
by
The Chief Executive and Director of Development and Housing Services**

Contract Authorisation Report

Supply and Installation of CircoSense Units

1. Summary

- 1.1 The purpose of this report is to seek the approval of the Procurement Sub-Committee to award an NEC3 Supply Short Contract for the Supply and Installation of CircoSense Units to existing hot water systems.
 - 1.2 This procurement exercise has been conducted in accordance with the above EU Threshold negotiated procedure without prior publication of a contract notice (Supply) and the Council's Standing Orders Relating to Contracts.
 - 1.3 The request to negotiate was prepared by the Corporate Procurement Unit and approved by the Strategic and Commercial Procurement Manager on 8th January 2016.
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2. Recommendations

- 2.1 It is recommended that the Procurement Sub-committee authorise:
 - 2.1.1 The Head of Corporate Governance to award the Contract for the Supply and Installation of CircoSense Units, reference RC/OC/118/16 to Campbell & Kennedy Limited.
 - 2.1.2 The value of this contract will not exceed £399,963.41, excluding VAT.

- 2.1.3 The Contract has an anticipated start date of 28th March 2016 and has an end date of 27th March 2018 with the option to extend for a further 24 months for additional maintenance.

3. Background

- 3.1 The Council has a requirement for the installation of specialist equipment for the control of secondary return hot water systems in a number of Renfrewshire Council's commercial properties; there have been 35 properties identified for installation of specialist equipment. The Energy Team within the Council has estimated that the Council will make a 40% saving from the energy used for heating the hot water and it will reduce carbon emissions significantly.
- 3.2 After extensive market research the Procurement department and the Energy Team have identified that CircoSense, supplied by Campbell and Kennedy Limited is the only product on the market to deliver the requirements. A patent application has been submitted on behalf of CircoSense due to the unique nature of the product with its intelligent technology. In addition, CircoSense is exclusively distributed, marketed and installed by Campbell and Kennedy Limited.
- 3.3 The value of the contract is above the EU threshold level for Supplies. Due to technical reasons and as the units are exclusively distributed, marketed and installed by Campbell and Kennedy Limited in protection of exclusive rights of (insert producers name) the contract has been negotiated with Campbell and Kennedy Limited in accordance with the negotiated procedure without call for competition under The Public Contract (Scotland) Regulations 2012, section 14(1)(a) (iii) and the Council's Standing Orders relating to Contracts.
- 3.4 Financial costs in respect of this contract will be met by the Energy Team's Capital Budget for Financial Year 2015/16. It is anticipated that within five years of installation the money saved should pay back the cost of the purchase and installation of the CircoSense Units.
- 3.5 Community benefits were sought as part of this Contract and, Campbell and Kennedy Limited have agreed to one modern apprentice, one work experience placement (16+), one industry awareness day, one work place visit for a student and will provide business mentoring for SME's.

Implications of the Report

1. **Financial**
The financial status of Campbell and Kennedy Limited has been assessed by undertaking a Dun and Bradstreet evaluation and it is confirmed that the company have satisfied the Council's requirements in relation to financial stability.
2. **HR & Organisational Development**
N/A
3. **Community Planning**

Campbell and Kennedy Limited have agreed to discuss and commit to community benefits, they would be particularly interested in participating in work placements and school mentoring.

4. **Legal**

The tendering procedures for the establishment of this contract were in accordance with The Public Contracts (Scotland) Regulations 2012 and Renfrewshire Council's Standing Orders Relating to Contracts for above EU Threshold Supply contracts.

5. **Property/Assets**

N/A.

6. **Information Technology**

N/A

7. **Equality & Human Rights**

The Recommendations contained within this report have been assessed in relation to their impact on equalities and human rights. No negative impacts on equality groups or potential for infringement of individuals' human rights have been identified arising from the recommendations contained in the report. If required following implementation, the actual impact of the recommendations and the mitigating actions will be reviewed and monitored, and the results of the assessment will be published on the Council's website.

8. **Procurement**

The procurement procedures outlined within this report ensure that the Council meets its statutory requirements in respect of procurement procedures, efficiency and modern Government.

10. **Risk**

Campbell and Kennedy Ltd insurances have been assessed and evaluated to confirm that they have met the minimum requirement regarding risk.

11 **Privacy Impact**

N/A

List of Background Papers

None

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