

SURREY COUNTY COUNCIL

CABINET MEMBER FOR COMMUNITY SERVICES

DATE: 20 APRIL 2015

LEAD OFFICER: LAURA LANGSTAFF, HEAD OF PROCUREMENT

SUBJECT: LIBRARY DELIVERY SERVICE CONTRACT AWARD



SUMMARY OF ISSUE:

The Surrey Library Service manages library facilities at some 52 public libraries, 10 Community Partnerships libraries and 4 prison libraries. The Library Delivery Service is an operational function that enables books & display materials to be shared and distributed county wide. By sharing resources in this way, as opposed to providing each site with its own material, the Service is able to reduce spending considerably.

Through an open Official Journal of the European Union (OJEU) tender process, prospective suppliers have tendered bids to provide this service and the Library Service are now seeking approval to award the contract to the preferred supplier. The new contract will commence on 1 August 2015. This report provides details of the procurement process, including the results of the evaluation process, and, in conjunction with the Part 2 report demonstrates why the recommended contract award delivers best value for money.

Due to the commercial sensitivity involved in the contract award process, the names of the suppliers and their financial details have been circulated as a Part 2 report.

RECOMMENDATIONS:

It is recommended that:

The contract is awarded to Global Services Group for the provision of the Library Delivery Service. The supplier will provide a dedicated delivery service exclusively for Surrey libraries. This is a three year contract with the option to extend for two further periods of up to one year each

REASONS FOR RECOMMENDATIONS

A full open tender process, in compliance with the requirement of EU Procurement Legislation and Procurement Standing Orders has been completed and a preferred supplier has emerged following a combined quality/price evaluation.

The bid from the preferred supplier offers a significant saving and value for money over the full contract term. Full financial details are included in Part 2 of this report.

The preferred supplier has demonstrated that they are able to deliver the high standard of service expected by the County and its residents and will work with the Council over the duration of the contract to continue to add value.

<u>DETAILS:</u>

Background:

1. The Public Libraries and Museums Act 1964 requires library authorities to *“provide a comprehensive and efficient library service for all persons desiring to make use thereof”*. Libraries, therefore, need a regular supply of suitable stock including books, music CDs and DVD films for both adults and children. This stock is promoted and needs to be kept refreshed in order to attract the public into the libraries.
2. In addition to the scheduled delivery of library stock, there is also a requirement for the distribution of other materials used to support promotional activity. This is often in the form of promotional displays and supporting collateral.
3. To ensure that stock is refreshed regularly, there is a requirement for the scheduled deliveries of stock, internal post and other materials between libraries and other buildings where Cultural Services staff are based. Deliveries are scheduled Monday to Friday and, where permissible, deliveries are made out-of-hours to optimise the number of deliveries that can be completed in a day.
4. In fulfilling its duty under the Public Libraries and Museums Act 1964 a library authority shall in particular have regard to the desirability *“of securing, by the keeping of adequate stocks, by arrangements with other library authorities, and by any other appropriate means, that facilities are available for the borrowing of, or reference to, books and other printed matter to meet the general requirements and any special requirements both of adults and children”*. It is a service level requirement that items requested by the public are delivered to their required destination and are available for loan within 5 working days.
5. In the year 2013 a total of 107,865 crates of stock or materials were collected or delivered by the delivery service.
6. The consequence of not having the delivery service in place would be a significant reduction in the quality of service offered to Surrey residents and the inability of the Library Service to meet its statutory requirements regarding the request service.

Procurement Strategy

7. Several options were considered when completing the Strategic Procurement Plan (SPP) prior to commencing the procurement activity. These were;
 - Use SCC’s Facilities Management courier to deliver the service
 - Use of an in-house service using own resources and vehicles
 - Use of a third party contract courier
 - Collaboration with neighbouring authorities
 - Utilise the Community Transport Operators
 - Outsource to a specialist logistics contractor
8. After full and detailed options analysis it was decided to outsource this service to a specialist supplier as this demonstrated best value for money. This was based on the full life financial impact of each option along with an assessment of the

quality of service that would have been provided. The next nearest alternative to outsourcing was 22% more expensive and offered no other benefits.

9. A joint procurement and project team was set up to include representatives from Procurement and the Library Service. The team was formed of 5 members in total.

Use of e-Tendering and market management activities

10. In order to open the tendering process to a wider range of suppliers than have previously been involved, the electronic tendering platform In-Tend was used.
11. A Prior Information Notice (PIN) was issued 52 days before the publication of the Invitation to Tender to stimulate interest in this new opportunity. Use of the electronic platform enabled a competitive process that was fair and transparent to all involved.
12. Further market management activities were also undertaken. These included engaging with suppliers used by other Council departments, liaising with Community Transport teams and engaging with the market directly.
13. When the contract was last let in 2010, expressions of interest were sought for this contract and a total of 2 suppliers responded. Through the market stimulation activities completed during the planning phase of the procurement process, a total of 8 suppliers registered their interest with 3 submitting compliant bids which created greater competition and allowed us to recognise additional savings.

Key Implications

14. By awarding a contract for the Library Delivery Service to the recommended supplier, the Council will be meeting its duties and will ensure Surrey residents have continued access to all library material.
15. As demonstrated by the financial data in Part 2 of this report, awarding the contract to the preferred supplier will deliver value for money.

The Library Service is responsible for managing the contract and they will do so in line with the Contract Management Strategy set out in the contract documentation.

RISK MANAGEMENT AND IMPLICATIONS:

16. The contract includes a 'Termination Clause' that will allow the Council to terminate the contract with 3 months' notice should priorities change, funding is no longer available or the user demographics highlight a need to alter service provision.
17. All short listed tenderers successfully completed satisfactory financial checks.

The following key risks associated with the contract and contract award have been identified, along with mitigation activities:

Category	Risk Description	Mitigation Activity
Reputational	Contractor does not sign the contract and withdraws.	The severity of this event will depend on how close we are to the contract start date as any new contractor will require time to mobilise. There is enough skill and knowledge available within the library service to establish and operate a temporary solution using relief drivers and hire vehicles to carry out the delivery service if required.
Reputational	Reduced contract value means the contractor places a less experienced team on the contract.	Dedicated contract management and regular performance review will mitigate this risk.
Reputational	Service budget is reduced.	This is a risk but we have now achieved a 25% reduction from the current baseline costs and so should be able to cope with any budget cuts for 2015/16. Any future cuts will mean consulting with the libraries and their staff to agree what a reduced service would look like. As this would affect the public, an EIA is likely to be needed. The contract allows for a reduction in demand which would trigger a re-negotiation.
Reputational	Reduced operational capacity within the service means we cannot manage the contract effectively.	Any future changes to the operational structure could see a reduction in the number of staff available to manage the contract. Whilst we have confidence that the contractor would continue to perform the contract as per the specification, the service could be supported by including it in the Procurement " <i>Supplier Relationship Management</i> " programme making sure that service levels are being met and continuous improvement is at the forefront of the contractor's activities.

Financial and Value for Money Implications

18. Full details of the contract value and financial implications are set out in the Part 2 report.
19. The procurement activity has delivered a solution within budget and with identified savings of 25% compared to the current baseline cost. This has been achieved by shaping the service specifications to meet our current needs which allow savings opportunities to be realised.
20. The new contract will mean a reduction in cost as well as improved targets for Key Performance Indicators (KPI).

Section 151 Officer Commentary

21. The Section 151 Officer (Director of Finance) confirms that all material, financial and business issues and risks have been considered/addressed.
22. The expected costs and savings are set out within part two of the report. The savings have been factored into the 2015/20 Medium Term Financial plan, contributing towards libraries planned efficiency targets.

Legal Implications – Monitoring Officer

23. By providing this service as set out in this Report, the Council is complying with the statutory requirements under the Public Libraries and Museums Act 1964.

Equalities and Diversity

There is no requirement for an Equality Impact Assessment (EIA) due to the nature of the services being procured. However, all suppliers are required to comply with the Equalities Act 2010 and any relevant codes issued by the Equality and Humans Commission.

Climate change/carbon emissions implications

24. The County Council attaches great importance to being environmentally aware and wishes to show leadership in cutting carbon emissions and tackling climate change.
25. All vehicles used for this contract will be new and equipped with BlueTec engines which can reduce vehicle CO₂ emissions by up to 30%.
26. All vehicles will have a Telematics monitoring system installed. This real-time tracking software will increase productivity and reduce costs. These systems typically encourage a more conscientious driving style and can lead to a reduction in fuel consumption of up to 35%, lowering the carbon footprint and reducing the risk of collisions.
27. Drivers will be given additional training in driving techniques to help increase the number of miles per gallon achieved.
28. The preferred supplier will look to achieve further efficiencies including the reduction of CO₂ emissions and running costs by proposing alternative routes through improved route optimisation.

WHAT HAPPENS NEXT:

29. The timetable for implementation is as follows:

Action	Date
Cabinet member decision to award (including 'call in' period)	28 April 2015
'Alcatel' Standstill Period	28 April to 8 May 2015
Contract Signature	22 May 2015
Contract Commencement Date	1 August 2015

30. The Council has an obligation to allow unsuccessful suppliers the opportunity to challenge the proposed contract award. This period is referred to as the 'Alcatel' standstill period.

Contact Officer:

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Consulted:

Surrey Library Service