

SURREY COUNTY COUNCIL**CABINET****DATE: 28 FEBRUARY 2017****REPORT OF: MS DENISE LE GAL, CABINET MEMBER FOR BUSINESS SERVICES AND RESIDENT EXPERIENCE****MR RICHARD WALSH, CABINET MEMBER FOR LOCALITIES AND COMMUNITY WELLBEING****LEAD OFFICER: LAURA FORZANI - HEAD OF PROCUREMENT & COMMISSIONING****PETER MILTON – HEAD OF CULTURAL SERVICES****SUBJECT: PROVISION OF THE SELECTION AND SUPPLY OF LIBRARY RESOURCES****SUMMARY OF ISSUE:**

To award a call off contract to Askews and Holts Library Services Ltd for the provision of the selection and supply of library resources to commence on 1 April 2017. The 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.

RECOMMENDATIONS:

It is recommended that a call off contract for the provision and supply of Library resources be awarded to Askews and Holts Library Services Ltd. This call off contract would be under the CBC Framework for the provision of Library Books and Audio Visual Materials.

REASON FOR RECOMMENDATIONS:

The existing contract will expire on 31 March 2017. Access to an existing framework, in compliance with the requirement of Public Contract Regulations and Procurement Standing Orders has been completed, and the recommendations provide best value for money for the Council following a thorough evaluation process.

DETAILS:**Business Case**

1. This report recommends that a call off contract for the provision of the selection and supply of library resources to commence on 1 April 2017 is awarded to Askews and Holts Library Services Ltd. The detail in Part 2 of this report demonstrates why the recommended contract award delivers best value for money for Surrey County Council.

Background and options considered

2. The library service provides 52 libraries across Surrey, an award winning Performance Arts library and three Community Link libraries. Ten of these libraries are community partnered libraries managed by local volunteer groups. The three community links are also run by volunteers. The library service aims to provide the library needs of everyone who lives, works and studies in Surrey. Surrey libraries have 319,000 current members with book borrowing still the most popular with over five million issues a year and over three million physical visits. There has been an increase in children's borrowing by over 500,000 in ten years and over 1 million children's books issued last year. Customer satisfaction rates across the board are 97%.
3. Books remain the lifeblood of the service and one of the highest valued and most used services. As part of budget reductions in the last three years, along with staffing reductions of over £600,000, the library service has made required resources budget reductions of £577,000 on its book fund. Vigorous tendering for suppliers, driving down prices and driving up discounts has helped maintain as good a stock level as possible for Surrey residents with these reductions.
4. The largest libraries (Group A) hold a wide depth and range of stock covering all subject areas. With high levels of use they receive a very wide range of bestseller and new titles to cope with customer demand. In addition they receive an excellent range of new non-fiction titles each year.
5. The medium sized libraries (Group B) receive a wide range of stock covering all areas of reader interest. 85% of the workload of issues and visits in the library service is delivered by the Group A and B libraries together.
6. The small local libraries (Group C) have a core offer of stock that will appeal to all ages by providing them with a range of popular leisure reading, both fiction and non-fiction, that is in line with current reading interests and trends. This stock is changed on a regular basis.
7. Libraries need an effective procurement system to ensure the regular supply of suitable new resources including books, music CDs & DVD films for both adults and children. This stock is promoted in the libraries and through regular e-newsletters to library members. The stock needs to be kept refreshed on a regular basis in order to attract more people into the libraries. The 1964 Public Libraries and Museums Act require library authorities to *"provide a comprehensive and efficient library service"*. New stock is central to this.
8. The existing contract for the provision of the selection and supply of library resources will expire on 31 March 2017.
9. The previous Contract provided supplier self-selection for junior resources only. Under the new contract, supplier self-selection across all genres will be further utilised, helping the stock team manage the stock more efficiently on already reduced staffing.
10. Should the Council decide to further utilise supplier selection of goods, whereby the supplier chooses which titles to provide, rather than the library service placing orders, Surrey will be able to explore savings in employee

time resulting in operational efficiencies within the stock team. Supplier selection is undertaken by dedicated Askews & Holts librarians, working to a detailed specification provided by the library service. They monitor the use of our stock to ensure they buy the books our users want to read. Titles are ordered three months ahead of publication to ensure libraries have stock in the library on the actual day of publication, satisfying demand.

11. The library service has also taken a number of steps, with the reduction in purchasing budget and the number of new books available, to encourage people to manage their book borrowing in a way that returns books promptly. The number of times books can be renewed has been reduced to improve the stock turn of all books so that the resident experience is not adversely affected by the reduction in volume of new books coming into the service. The book fund reduction is part of a number of changes which will be introduced to reduce the cost of the library service and make it more sustainable in the future
12. The total library resources budget for 2016/17 is £1,594,313. The total resources budget has a proposed reduction of £246,000 in 2017/18 and a further £100,000 in 2018/19, which will reduce the total resources budget to £1,248,313 (excluding any small inflationary increases). These budget figures are provisional and could still significantly change. Future library resources spend will be in line with budgetary reductions.

Procurement Strategy

13. Several options were considered when completing the Strategic Sourcing Plan (SSP) prior to commencing the procurement activity. These options included carrying out an EU tender process or utilising an existing framework.
14. After a full and detailed options analysis it was decided to award a call-off contract under the Central Buying Consortium (CBC) Framework as this demonstrated that average discounts are comparable with those that we are currently receiving, meaning minimal cost increase to SCC and surety of cost which would not be certain if a tender process was carried out.
15. This was demonstrated through analysis which showed the library supply market is now limited to just three book suppliers & two audio visual suppliers. Two library book stock suppliers have extended their offering to include Audio visual material and e-books. Although Surrey would incur management fees, engagement with incumbent suppliers suggests that Surrey is unlikely to realise the same level of discounting as achieved when last procured through a tender process four years ago. Not carrying out a full tender process also saves officer time and has reduced the overall procurement timetable.
16. A joint Procurement and project team was set up including representatives from Library Service, SCC Legal and SCC Finance.

Key Implications

17. By awarding a contract to the supplier recommended for the provision of selection and supply of library resources to commence on 1 April 2017, the Council will be meeting its duties and ensuring Cultural Services is able to fulfil its aims outlined in the Background section to this report above.

18. The management responsibility for the contract lies with the library service and will be managed in line with the Contract Management Strategy and plan as laid out in the contract documentation which also provides for review of performance and costs.
19. The contract is performance managed through a series of Key Quarterly Performance Indicators. Where the supplier fails to meet targets the contract provides differing levels of response. This ranges from a requirement to put in place approved correction plans, up to termination of some or all orders placed, including possible supplier suspension from the Framework Agreement. Coupled with the contracts non-exclusivity and termination clauses, this provides a comprehensive set of tools to remedy any poor performance.

CONSULTATION:

20. Members of the Library Service, SCC Legal and Finance have been consulted with at all stages of the commissioning and procurement process, including the chosen procurement strategy and agreeing the contract award.

RISK MANAGEMENT AND IMPLICATIONS:

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

Category	Risk Description	Mitigation Activity
Financial	Available budget is reduced or withdrawn	The Framework Agreement includes a 'No Guarantee' clause which states no guarantee that any Request (or resulting Order) will be issued to the Contractor. This clause also states non-exclusivity. This means there is no contractually committed minimum level of expenditure.
	A significant change in service provision is required	The contract can be terminated with notice of 30 days.
	The supplier ceases business	Ongoing monitoring of supplier performance and continued market awareness. The framework supplier has passed comprehensive financial checks.
Reputational	Failure to purchase the correct items leads to a reduction in the number of items borrowed.	Monitoring of supplier management information and issues figures will ensure that items suitable for loan in Surrey's libraries are purchased.

Financial and Value for Money Implications

22. Full details of the contract value and financial implications are set out in the Part 2 report.
23. The procurement activity has delivered a solution within budget.
24. Accessing the CBC Framework will provide better discount rates than an individual tender for these goods, due to economies of scale. Although Surrey's previous tender provided better discount rates than the CBC Framework, engagement with incumbent suppliers suggests that Surrey is unlikely to realise the same level of discounting. This is due to a reduction in the number of suppliers in the market and reduced levels of funding for libraries across the Public Sector.
25. Benchmarking information regionally and nationally indicates that the discounts under the CBC Framework are better than those of alternative available frameworks.

Section 151 Officer Commentary

26. This contract enables the library service to meet its requirements for the efficient, economic and effective acquisition of Library resources, whilst providing the flexibility to control future provision and costs should service or budgetary changes require.

Legal Implications – Monitoring Officer

27. As set out in this report access to the CBC Framework Agreement is in compliance with the EU compliant procedures and has also complied with the Council's Procurement Standing Orders.
28. Responsibility for the provision of the goods is in line with the statutory requirements. The provision of a "*comprehensive and efficient library service*" is a legal requirement under the 1964 Public Libraries and Museums Act.

Equalities and Diversity

29. An equalities impact assessment has been written and is available as a background paper. This is attached in Annex 1. Resource provision is well placed to improve the service to equality groups with a number of reviews and projects being proposed. We will ensure that we work closely with other library service teams, County Council departments and our customers, or potential customers, to enable delivery of these (see "Recommendations" section of the EIA).

Other Implications:

30. The potential implications for the following council priorities and policy areas have been considered. Where the impact is potentially significant a summary of the issues is set out in detail below.

Area assessed:	Direct Implications:
Carbon emissions	Direct delivery of library stock from the supplier to the library, reducing the carbon emissions footprint.

WHAT HAPPENS NEXT:

31. The timetable for implementation is as follows:

Action	Date
Cabinet decision to award (including 'call in' period)	28 February 2017
'Alcatel' Standstill Period	10 March 2017
Contract Signature	11 March 2017
Contract Commencement Date	1 April 2017

32. 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.

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Consulted:

Andy Tink – Senior Principal Accountant
 Naz Fox – Senior Solicitor
 Laura Forzani – Head of Procurement

Annexes:

Part 2 Annex
 Annex 1 EIA Library Resources, updated 2016

Sources/background papers:

Strategic Sourcing Plan