

SURREY COUNTY COUNCIL

CABINET

DATE: 26 FEBRUARY 2013



REPORT OF: MS DENISE LE GAL, CABINET MEMBER FOR CHANGE AND EFFICIENCY

MRS HELYN CLACK, CABINET MEMBER FOR COMMUNITY SERVICES AND THE 2012 GAMES

LEAD OFFICER: MR PETER MILTON, HEAD OF CULTURAL SERVICES

SUBJECT: PROVISION OF THE SELECTION AND SUPPLY OF LIBRARY STOCK

SUMMARY OF ISSUE:

To award the Contracts to the recommended tenderers for the provision of the selection and supply of library stock to commence on 1 April 2013 for a period of 2 years, with an option to extend for a further period of 2 years. The Report provides details of the procurement process, including the results of the evaluation process, and, in conjunction with the Part 2 Annex (item 12), demonstrates why the recommended Contract awards deliver best value for money.

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

RECOMMENDATIONS:

It is recommended that:

1. the background information set out in this report be noted, and
2. the award of Contracts be agreed following consideration of the procurement process set out in the Part 2 Annex (agenda item 12).

REASON FOR RECOMMENDATIONS:

The existing contracts will expire on 31 March 2013. A full tender process, in compliance with the requirement of EU Procurement Regulations and Procurement Standing Orders has been completed, and the recommendations arising out of the above process provide best value for money for the Council following a thorough evaluation process.

DETAILS:

Background and options considered

1. Cultural Services aims to provide easy and equal access to high quality, inspirational and enjoyable cultural facilities for all people living in or visiting

Surrey. For the Library Service this means making libraries a high priority leisure activity and a lifestyle choice for Surrey residents.

2. Libraries need a regular supply of suitable new stock including books, music CDs & DVD films for both adults and children. This stock is promoted and needs to be kept refreshed in order to attract more people into the libraries. The 1964 Public Libraries and Museums Act requires library authorities to “provide a comprehensive and efficient library service”. New stock is central to this.
3. The existing Contracts for the provision of the selection and supply of library stock will expire 31 March 2013. A full tender process, compliant with the European Public Procurement Regulations and Procurement Standing Orders, has been carried out following the receipt of authority from Procurement Review Group (PRG) on 19 September 2012. This included advertising the contract opportunity in the Official Journal of the European Union (OJEU) on 11 October 2012.
4. The previous Contract provided supplier self selection for Adult stock, whereby, the supplier uses its knowledge of the market to choose which titles to provide, rather than the library service placing orders. This is then supplemented by a low volume of orders by the library stock team to ensure a full breadth of stock. The new contract will extend this supplier self selection to Children’s stock, enabling operational efficiencies within the stock team.

Procurement Strategy

5. Several options were considered when completing the Strategic Procurement Plan (SPP) prior to commencing the procurement activity. These options included the option to utilise an existing framework agreement, to go out to tender or to join an existing consortium.
6. After a full and detailed options analysis it was decided to invite tenders as this demonstrated best value for money for Surrey.
7. This was demonstrated through comparison of benchmarking data which clearly showed that Surrey would incur management fees and additional service charges if it joined a consortium or utilised an existing framework Agreement (which would outweigh the costs of the procurement activity). This would have led to a reduction in the funds available to purchase stock and the number of items available for loan.
8. A joint Procurement and project team was set up including representatives from the Library Service, SCC Legal and SCC Finance.

Use of e-Tendering and market management activities

9. Steps were taken to stimulate interest in this new process, which was introduced to the supply base through a series of supplier meetings. The Bravo electronic tender platform was used.
10. Since the council last went out to tender there has been further consolidation of the library supply market. A number of mergers have taken place and the number of library suppliers available nationally has been further reduced. Last time expressions of interest were sought for this requirement a total of 6

suppliers responded. Through the market stimulation activities completed during the planning phase of the procurement process, a total of 5 suppliers responded. This compares favorably to the previous tender exercise given the national reduction in the number of suppliers.

Key Implications

11. By awarding Contracts to the suppliers recommended in the Part 2 Annex, the Council will be ensuring that Cultural Services is able to fulfil its aims outlined in the Background section to this report above.
12. Performance will be monitored through a series of Key Performance Indicators as detailed in the Contract and reviewed at monthly operations meetings.
13. 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 the review of performance and costs.

Competitive Tendering Process

14. The Contracts have been let through a competitive tendering exercise. It was decided that the Open Procedure was appropriate due to the limited nature of the library supply market.
15. There were 4 lots:-
 - Lot one: - Adult fiction and non-fiction.
 - Lot two: - Children's fiction and non-fiction.
 - Lot three:- Music on CD or other electronic format
 - Lot four: - DVD, Blu Ray and games.
16. An invitation to tender (ITT) was sent to 5 suppliers, who were given 45 days to complete and submit their response to the tender. These responses were then evaluated and 2 suppliers are recommended. Details of the evaluation are included in the Part 2 Annex (item 12).

CONSULTATION:

17. The library service has consulted and worked closely with Procurement and Finance on the tender. In addition, the library service constantly monitors the public use of its bookstock using computerised data capture and analysis and regularly reviews the performance of book suppliers and its impact on public satisfaction. Each year the library service carries out a range of customer satisfaction surveys across a number of libraries which include a range of questions on satisfaction with bookstock which is fed into the selection process. This consultation process has been fed back into the tender process. The service also has stock selection for teenagers carried out by young people themselves. In addition we use feedback from our several hundred reading groups, Friends groups and the emerging community partnered libraries.

RISK MANAGEMENT AND IMPLICATIONS:

18. The Contracts include a provision for the Council to terminate the Contract by giving 8 weeks notice to the Supplier should priorities change or should the same level of funding no longer be available.
19. All short listed tenderers successfully completed satisfactory financial checks as well as checks on competency in delivery of similar Contracts as part of the tender evaluation process.
20. The successful contractors will not be required to provide a performance bond against failure as they had sufficient financial stability.
21. The following key risks associated with the Contracts and contract award have been identified, along with mitigation activities:

Category	Risk Description	Mitigation Activity
Financial	Available budget is reduced or withdrawn	The Contract conditions state that any quantities or values given are for guidance only and that the actual value of the goods to be purchase during the contract period is not guaranteed.
	One of the suppliers ceases business	Ongoing monitoring of supplier performance and continued market awareness. All of the suppliers selected have 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 Surreys 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 Annex (item 12).
23. The procurement activity has delivered a solution within budget with identified savings of approximately 7.5% as a result of improved discounts.
24. As well as a decrease in the cost of the Contracts there will be an improvement in the Key Performance Indicators (KPI) reporting requirements and the service levels being delivered under each Contract. Improvements include the identification of specific performance targets for each type of material to be supplied and the requirement for suppliers to provide a suite of management information reports which are to be available in real time for download via the supplier's website. Reports available will include order fulfilment statistics, a number of spending totals reports, average costs by type of material, year end forecasts and supply times.

Section 151 Officer Commentary

25. The Section 151 Officer (Chief Finance Officer) commentary is included within Part 2 of the report (item 12).

Legal Implications – Monitoring Officer

26. All compliant tenderers supplied a written confirmation that if successful they will accept the Contract Conditions sent to the tenderers with the ITT (Instruction to Tenderers) without any material amendment.
27. 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.
28. Under section 149 of the Equality Act 2010 Cabinet must comply with the public sector equality duty, which requires it to have due regard to the need to (a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Act; (b) advance equality of opportunity between persons who share a relevant characteristic and a person who do not share it; (c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it. The equalities impact assessment (attached at Annex 1) sets out the impacts of the recommendations on each of the protected groups. A range of positive impact has been identified for all groups. However, Members will note the potential negative impacts for specific groups which is that carers from “hard to reach or marginalised groups could be unaware of the services”. In order to counteract this, the specification and the terms and conditions of the Contract require the successful provider to work with the Council to warrant that the publicity and referrals systems help ensure that the service is fully accessible to all including those from “hard to reach groups”

Equalities and Diversity

29. The Council has been mindful of its equalities duties in carrying out the Tender and as a result, undertook an equalities impact assessment as mentioned above.
30. A full Equality Impact Assessment was undertaken by the library service in 2010. This is attached as Annex 1. Resource provision is well placed to improve the service to equality groups. The reviews and projects proposed in the EIA, have been either completed or are in progress. We have been working closely with other library service teams, County Council departments and our customers, or potential customers, to enable delivery of these improvements. An update on the actions recommended by the EIA is attached as Annex 2. A new library stock EIA will be undertaken in April 2013.
31. The Contracts which the suppliers will sign stipulate that the supplier will comply with all relevant equality and diversity legislation (including the Equality Act 2010) whilst providing the goods and services. All suppliers submitted their Equalities and Diversity policies as part of their bid submission.
32. The procurement process was undertaken through an EU Procurement procedure, which was advertised to allow suppliers across the EU to express

their interest. The tender was also advertised on SCC's website to attract local interest.

33. Stock provision aims to satisfy the evolving educational, informational, cultural and recreational needs of Surrey residents and supports the corporate policies of the County Council. Stock aims to provide for all levels of ability, varying levels of interest and the needs of all ages in the most appropriate formats.

Corporate Parenting/Looked After Children

34. The availability of well chosen children's books through libraries helps support parenting and the development of literacy and the enjoyment of reading in children.

Public Health

35. Library stock plays an important role in supporting health and well being programmes in libraries – for example Read Yourself Well, Books on Prescription. The library stock in general aims to improve the health and wellbeing of communities, through access to books for leisure and educational use

Climate change

36. Public libraries have a positive impact on climate change by maximising number of readers for each book and recycling ex-library bookstock where possible. In addition, stock is delivered from the supplier to each library in recycled packaging and is itself recycled.

Carbon emissions

37. The availability of good quality, relevant library stock locally reduces the need to travel to other libraries and the retail sector. Deliveries to libraries are grouped as efficiently as possible to reduce transportation.

WHAT HAPPENS NEXT:

38. The timetable for implementation is as follows:

Action	Date
Cabinet decision to award (including 'call in' period)	4 March 2013
'Alcatel' Standstill Period ends	13 March 2013
Contract Signature	14 March 2013
Contract Commencement Date	1 April 2013

39. 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:

Lisa Wynn – Category Specialist 020 8541 7972

Alison Gruet – Senior Category Specialist 020 8541 8726

John Case – Property, Environment and Stock Manager 07837 113140

Consulted:

Ross Duguid – Category Manager, Procurement and Commissioning

Andy Tink – Finance Manager

Naz Fox – Senior Lawyer

Rose Wilson – Library Operations Manager

Andrew Forzani – Head of Procurement and Commissioning

Annexes:

Annex 1 - EIA Library Resources 2011

Annex 2 - EIA Update

Part 2 Annex (attached as agenda item 12)

Sources/background papers:

Tender Evaluation Summary

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