

**From:** Barbara Cooper, Corporate Director Growth, Environment and Transport

**To:** Mike Hill, Cabinet Member for Community Services

**Subject:** Libraries Management System Software contract Renewal

**Key Decision** 17/00010

**Classification:** Unrestricted

**Past Pathway of Paper:** Growth, Economic Development and Communities Cabinet Committee – 19 January 2017; Strategic Commissioning Board

**Electoral Division:** All

**Summary:**

This report summarises the preferred option for the renewal of the library management system.

**Recommendation:**

The Cabinet Member for Community Services is asked to authorise the signing of the contract with the existing contractor procured through the LASA framework.

**1. Introduction**

- 1.1 A library management system is a fundamental component of the modern library service which controls all aspects of the business, including borrower records, loan transactions; manage stock, fines and other charges. This paper outlines the preferred option for procuring a system from April 2017.
- 1.2 The current contract for the Libraries Management System software (Spydus) was procured as part of an innovative SELMS (South Eastern Library Management System) consortium (a consortium of 11 library authorities working in collaboration) using the Local Authority Software Applications (LASA) Framework which is due to expire on 31 March 2017.
- 1.3 A new contract has been procured through SELMS and is open to all SELMS members to sign up to is due to commence on 1 April 2017. The contract will run for five years with an option to extend for a further two years until 31 March 2024. The total contract cost for the life of this contract is £898,054 and will result in a saving to KCC of £333,788 over this period.

**2. Background and options considered**

- 2.1 In 2009 the Libraries & Archives (as it was then) service procured contracts for the provision of a new Library Management System (LMS), Wide Area Networks (“WAN”) and hardware contracts which allowed the service to deliver improved value for money by achieving revenue savings of £1.3million per annum.

- 2.2 The LMS was procured in collaboration with the SELMS consortium. This collaboration enabled KCC to achieve savings in procurement time and costs using an existing legal Framework Agreement. The contract offered added benefits to KCC relating to shared working and improved customer services, which allows customers direct access to all participating authorities' stock holding and ability to borrow and return items across authority boundaries. It is also important to note that the memorandum of understanding with SELMS partners commits us "*To consult with and where appropriate carry out a joint tendering procedure with other Partners for library goods and services.*" (Revised MoA – 2013)
- 2.3 The LMS has supported the modernisation of the library service. The service has also introduced public self-service in 43 service points which has contributed a further £1 million savings to KCC and enabled a number of customer benefits and efficiencies.
- 2.4 In 2014 the option to extend the contract to 31<sup>st</sup> March 2016 was enacted. A further one year extension of the contract was agreed to make it coterminous with those of the other SELMS partners to facilitate the collaborative procurement of an LMS by the SELMS consortium when the contract expired. The contract expires on 31<sup>st</sup> March 2017.
- 2.5 Since 2016 LRA has become an internally commissioned service delivered through 99 service points across the county. A library management system is fundamental to its operation and also underpins considerable channel shift – e.g. 97% of book renewals are now done through self-service – and high levels of customer satisfaction with the service – currently 94% for the library service. In addition, with the current drive for digital services through the Agilisys contract the LMS will be of increasing importance in managing customer contact.
- 2.6 The options considered for re-procuring this contract included:
1. **Do nothing:** The current SELMS contract will end on 31<sup>st</sup> March 2017. The library management system is business critical and fundamental to the operation of a modern library service. It is the vital organisational tool that controls all aspects of the business, including borrower records, loan transactions; manage stock, fines and other charges. If there is no management system in place, then the library service will be unable to manage its core business processes, self-service would no longer be viable, and its relationship with its customers impossible to manage efficiently and effectively. There is also the option to continue to use the system without a contract in place but this could bind us into costs and terms and conditions which could be unfavourable to KCC. For all these practical reasons this option was ruled out.
  2. **Open competition:** This option would have required LRA to work with KCC ICT and Procurement colleagues to begin a full tender process independent of the SELMS consortium. This would incur significant costs for KCC in terms of resources - procurement staff to run a tender, training staff on new system and loss of expertise in current system. This would also mean that KCC would have less financial leverage to be gained than

by procuring as part of the SELMS consortium and may well receive a less favourable outcome. Withdrawing from SELMS and potentially contracting with a different supplier would impact on customers' ability to access the full range of catalogue items of the SELMS partners as is currently the case. It could also increase the costs of the new contract for the remaining SELMS partner which is likely to have a negative reputational impact on KCC.

3. **Sign agreed contract with the existing supplier procured through the LASA framework: Preferred Option** Following market engagement the SELMS consortium members agreed to procure a contract with the incumbent supplier offered through a framework agreement as the SELMS Consortium agreed that none of the other suppliers could meet their requirements to the same extent as the incumbent . The contract was negotiated by SELMS but as SELMS is not a legal entity each partner is required to follow their own process of due diligence in order to issue a direct award to the contractor. LRA has been working with Procurement to progress this satisfactorily.

- 2.7 It is recognised that there are potential disadvantages of retaining an incumbent supplier – we are potentially a captive market to the supplier and we may not achieve the benefits of full competition on price and there may be less incentive for innovation. However, in this case these potential disadvantages are outweighed by the advantages to the business and to customers on cost and convenience, and have been mitigated by the process which the SELMS consortium has undergone to procure this contract. More detail on this process is included in the procurement plan which is shown at Appendix A. A major upgrade of Spydus is also expected soon which also demonstrates the suppliers' commitment to ongoing development.

The benefits of the preferred option include;

- Significant savings on the yearly cost of the contact – amounting to £66,758 a year over the first 5 years of the contract and then potentially £120K in the final two years.
- By a direct award to the incumbent supplier avoidance of the upfront purchase costs associated with changing supplier which would include project planning, procurement, system downtime and migration, integration with associated 3<sup>rd</sup> party suppliers and staff training across all service points.
- Using a shared procurement route, Kent County Council will also save officer time in procurement, ICT and legal which would otherwise been required over a 6-9 month period for single authority procurement at an estimated cost of £8-10k
- Benefits of a shared system access for customers to over 6m items across the SELMS consortium and shared development.
- Provides us with continuity of service, avoiding the costs associated with tendering for and implementing of a new system, but also brings the

benefits associated with shared working. These include the development of the system and sharing of resources across the Consortium which directly benefits Kent customers.

### 3. Financial Implications

- 3.1 The total contract cost is £898,054 and will result in a saving to KCC of £333,788 over this period.
- 3.2 Continuity of service means there are no associated implementation or training costs involved and by using the shared procurement route, Kent will save officer time of procurement / IT / legal which would otherwise have been required over a 6-9 month period for single authority procurement. (estimated as £8-10k)

### 4. Equalities implications

- 4.1 An equalities impact assessment is included as Appendix B and its conclusions are that this procurement and the Spydus system have taken into account equalities needs. The Spydus system enables LRA to collect data about its customers which is key to helping shape future service delivery. .

**Recommendation:** The Cabinet Member for Community Services is asked authorise the signing of the contract with the existing contractor procured through the LASA framework.

### 10. Background Documents

- 10.1 Appendix A: Procurement Plan
- 10.2 Appendix B: Equalities Impact Assessment

### 11. Contact details

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