



**Executive
15th January 2007**

**Report from the Director of
Environment and Culture**

For Action/Information

Wards Affected:
ALL

**Supply of Library Management System - participation in the
London Libraries Consortium's framework agreement**

Forward Plan Ref: E&C-06/07-018

1.0 Summary

- 1.1 This report reviews the requirements for the replacement of the Library Service's circulation management system. It recommends that the Executive approve the Library Service's proposal to join the London Libraries Consortium, in order to benefit from its framework agreement which consists of a five year contract to DS Ltd.

2.0 Recommendations

The Executive is recommended to:

- 2.1 Approve the proposal to join the London Libraries Consortium.
- 2.2 Approve an exemption from the tendering requirements of Contract Standing Orders in relation to the proposed new library circulation management system, so allowing use of the London Libraries Consortium's supplier, DS Ltd, on the basis of good operational and financial reasons as set out in sections 4 and 5 of the report.

- 2.3 Approve the delegation to the London Borough of Havering (lead borough of the London Libraries Consortium) of the contract monitoring responsibilities in relation to Brent's proposed role under the framework agreement with DS Ltd.
- 2.4 Note that the Director of Environment and Culture has delegated authority to award the proposed contract to the lead borough of the Consortium because it will not be a High Value contract.

3.0 Detail

3.1 Library management system

The Library Service requires an online Library Management System (LMS) to provide staff and public access across twelve static sites and one mobile site to a database of 450,000 catalogue and membership records and to manage its circulation and acquisition requirements, which include around 1.5 million issues, 25,000 reservations, 45,000 acquisitions, and the control of expenditure on new stock of around £480,000 per annum. The Council's libraries have 1.5 million visits each year and access to its LMS is required every day for 72 hours per week to avoid customer complaints and a reduction in the quality of service delivery. A web service offering facilities such as self reservations and registration on a 24/7 basis is also required. All London boroughs use one of four UK LMS suppliers for software to support their library services. Currently these are DS, SirsiDynix, Geac, and Talis. All these systems offer similar functionalities, but have different strengths and weaknesses.

3.2 Current supplier

Following a European tender process in 1999, Brent's current LMS software and support was purchased from the lowest cost tenderer, Dynix. Although their text-based software has been upgraded several times since 2000, it has now been superseded by the Horizon Information Management System, a Windows-based graphical system. While the Dynix system will continue to be supported and maintained by the company for a limited period, there will not be any further developments or improvements. It is therefore Dynix's recommendation that Brent considers migration to Horizon.

3.3 Current LMS support

The system centre and some servers for the LMS are currently located at Dynix's HQ in Chesham, and supported by a Premium Maintenance Service Level Agreement, initially for five years from 20th July 2000, and which has now been extended to 19 July 2007.

4.0 Proposed approach for the purchase of a new system

4.1 Various options were considered which are set out below in paragraph 4.3. Each option was evaluated to establish associated risks and benefits, and the total costs for supply, installation and then support for four years (see Appendix 1). The proposed approach (Option One), is joining a consortium of other London boroughs, called the London Libraries Consortium. The consortium (lead borough Havering) completed a full procurement exercise in 2003 in accordance with the European Union Services Directorate, following the restricted procedure route for a shared computer system for a number of local authorities. The contract was advertised for a "minimum of five years with the option to extend for a further period of one year on up to two occasions from the date of expiry of the initial contract term", which began in September 2004.

4.2 The option of a full tender process (Option 2 referred to below) was also considered but investigations revealed that the consortium approach was likely to deliver the lowest costs overall with added value of a Consortium approach (see Appendix 1 where DS Ltd have given a quote for the purchase of a standalone system as opposed to through the consortium giving a contract estimate of £372,000. When it tendered, the London Libraries Consortium short-listed five suppliers, including the Council's existing supplier, SirsiDynix, and awarded the five-year contract to DS Ltd, the supplier which achieved the best assessment against the specification and which offered the lowest total cost over five years. DS already have experience in providing library computer systems for consortia with examples from library services in the Somerset area and Northern Ireland.

4.3 Detailed options appraisal

There were a range of procurement options available to the Council, which were fully explored, consisting of:

- Option 1: Joining the London Libraries Consortium
- Option 2: Full Competitive Tender
- Option 3: Mini Tender through the Catalyst Framework Contract
- Option 4: Software Upgrade

4.3.1 Option 1: Joining the London Libraries Consortium. The current members of the Consortium are Waltham Forest, Havering, Redbridge, Richmond, Wandsworth, and Barking & Dagenham. This option gives Brent Council a lot of flexibility and offers new services to our customers (see section 5). It offers value for money and a shared approach to product development. The contract was advertised in the Official Journal of the European Union (see 3 above) by the lead borough and it was left open for other authorities to join the consortium. Appendix 1 benchmarks the cost against a similar stand alone system.

- 4.3.2 Option 2: A full competitive tender - A Prior Information Notice (PIN) was published, in August. The PIN notice does not commit the council to purchase but does allow the Council to tender in shortened timescales if the recommendation to join the consortium is not approved. The disadvantage of this option is that the average system roll out, according to the market, is between 6 – 9 months and this, in addition to the tendering time, would mean that the deadline of 20 July 2007 would be difficult to meet. The deadline is based on the current contract expiry date of 19 July 2007. An additional disadvantage is that the Council would not benefit from the economies of scale offered by the consortia.
- 4.3.3 Option 3: Mini Tender through the Catalist Framework – The Catalist Framework Contract is a set of approved contracts operated by the Office for Government Commerce. They can be used by public sector bodies to obtain goods and services. The framework contracts have been advertised in the Official Journal of the European Union and therefore meet legislative requirements. Under the Catalist procedure it is possible to run a mini competition process between all the providers signed up to supply a particular product under the framework. A mini competition could be completed in a few weeks but there would be a limitation as the number of LMS suppliers on the framework is small and this could mean higher prices because of the lack of competition.
- 4.3.4 Option 4: Software Upgrade – The software could not be upgraded further without placing Brent in breach of the European public Procurement rules. Brent's current provider (SirsiDynix) offered their new product Horizon but this would constitute a new service under the European Rules and could only be pursued following a tender in accordance with the tendering rules.

5.0 Advantages of Option 1

5.1 Advantage in functionality

DS's Galaxy software is used by one third of all UK public libraries. The latest Windows based version, OpenGalaxy, uses the functionality of Galaxy and has the same library working practices and operational procedures. Officers from the Library Service have visited Wandsworth and Havering Library authorities, where OpenGalaxy was installed. These visits confirmed that the functionality of the DS system does meet the requirements of the Council's Library Service, and offers added features such as self-registration and EDI/Quotes messaging. The specifications of the DS OpenGalaxy system were also measured against the United Kingdom Core Specification for Library Management Systems and was found to have all the relevant features contained within that document.

5.2 Advantages to joining the Consortium

1. The initial capital budget cost and ongoing revenue costs are considerably lower than a comparable stand-alone solution provided by DS (Appendix 1).
2. The Library Service takes advantage of a shared borrowing service for the public, enabling customers to borrow items from any of the Consortium members, thus giving a much greater choice, and much better value for money
3. As a Consortium, members have a much greater ability to influence developments on the system
4. The Consortium is already up and running with a proven track record, with the contract monitoring and other project work carried out by a dedicated team within Havering, so reducing the need for a contract management role within Brent.
5. The Consortia Facilities Management service also includes the following:
 - Hosted management and maintenance of the LMS server and associated hardware and software
 - Production of reports required by Library Service for use with CIPFA and PLS, as well as ad-hoc reports for library staff
 - Automated telephone renewals system for the public, freeing up staff to concentrate on front-line services
 - Centralised postage of overdue notices and requests to customers by DS, freeing staff to concentrate on front-line services.

5.3 Relevant Features of the DS OpenGalaxy system

1. The DS system has a sophisticated proven cash management system that has the ability to integrate with cash tills, and provides automated electronic cashing up capabilities.
2. The DS system has a sophisticated range of acquisitions and cataloguing functionality, including Electronic Data Interchange (EDI) that means that staff can order and pay for items electronically, instead of using manual printed order forms. This will save time when ordering stock, and will lead to a more efficient and auditable supply of items, resulting in a faster supply of stock to the public.
3. The DS web catalogue and public interface has a range of features designed to meet the current and future demands of library customers. These include self registration, self renewals, Amazon-style book details including book jackets and bibliographies, book lists, and previous book loans
4. The web interface also has an established link to Amazon that can be set up for each library service, This link can refer customers to Amazon in the event that an item is not available within the Consortium, the customer may want to purchase the item through Amazon. The Library Service receives a small payment for referring the customer, and is a method of generating a small income for the Service.
5. The web interface has an authentication system that allows the Library Service to subscribe to databases such as Newsbank, and allow library customers to use them by authenticating against the Library database.

6. The DS system is compatible with the Netloan automated booking system and the D-Tech self issue terminals.
7. The contract allows for upgrades to the system at no cost to the Council.

5.4 Term of Framework Agreement

At present the Framework agreement with DS Ltd will expire in September 2009. This means that by the time that the new system is installed and accepted, there will be little more than 2 years left to go. However the framework agreement was originally advertised on the basis of a five year contract with a two year extension. Officers have been advised that the extension has been formally agreed to by the present consortium members but that this needs to be formally voted on at a meeting that will take place in February. There is therefore a small risk that the framework agreement will not be extended, and if this is the case then Brent would be unlikely to proceed to join the consortium to benefit from only a 2 year contract. Other options would then need to be looked at.

6.0 Financial Implications

- 6.1 Under the Council's Standing Orders the proposal to award a contract through a consortium would fall into the medium value contracts range, but doing a full tendering exercise would be a high value contract based upon a contract estimate of around £500,000.
- 6.2 Option 1: The London Libraries Consortium route offers the council value for money as it offers a comprehensive range of services for a competitive price. Not only does this option offer value for money (Appendix 1) it also offers efficiency savings as Council staff will not have to go out to full tender for this work and can concentrate resources on frontline services and other projects. The average cost of a tender for medium to high value contracts ranges from £16,000 - £60,000 depending on the nature of the contract for the supplier. A proportion of this cost would be transferred to the customer. Further efficiency savings will be gained as a small amount of services will be completed as part of the contract and it is planned to use the freed up resources to collect fee revenue, recover stock and improve front line services (see 8 below).
- 6.3 Option 2: Full Competitive Tender. This would offer a good price but would be resource intensive and not offer the savings referred to in 4.3 and 5.2 above.
- 6.4 Option 3: Mini Tender through the Catalist Framework Contract – As there are few suitable suppliers on the framework there will be little competition so the pricing may be higher.
- 6.5 Option 4: Software Upgrade – No costs are available for this option as the software cannot be upgraded without falling foul of the EU public procurement rules.

6.6 Outline of Proposed Capital and Revenue Costs

The funding for this project will come from revenue savings on a separate project to transfer the Library's ICT support from SirsiDynix to the Councils own Corporate IT service. This is estimated to produce revenue savings in a full year of around £100K and will be used to meet the additional £19,374 revenue costs identified in the table below and debt charges on the £250,416 capital outlay required for both projects.

DS Consortium Outlay	
Software & hardware purchase:	£110,748.33
Installation, configuration and training	£ 42,667.67
Havering project management	£ 3,000
DS Consortium total capital outlay	£156,416.00
DS LMS support costs per annum	£ 49,065
Current Dynix support costs	£ 29,691
Increase in support costs per annum	£ 19,374

7.0 Legal Implications

- 7.1 Under Contract Standing Orders, the proposal to award a contract to the London Libraries Consortium's chosen supplier falls into the Medium Value contract range, and as such the project should be competitively tendered (SO 84(e)). Therefore the proposed award can only go ahead if the Executive approve an exemption to the tendering requirements under SO 84(a). This can only be done if there are good financial and / or operational reasons for the exception, and the Executive needs to be satisfied that such reasons exist (see sections 4 and 5 of the report).
- 7.2 In addition, such a contract is normally required to be tendered under the EU Public Procurement Rules. The proposed contract is for IT services and IT supplies, but will fall into the rules governing services contracts as this is the greater element. However, despite the recommended award exceeding the relevant threshold of £144,371 there is no requirement to tender, because Brent will be joining a framework agreement already tendered in accordance with the Rules. When the framework was originally advertised it left open the possibility of other authorities joining the consortium in the future for the purpose of joining into the framework agreement. Accordingly Brent is able to join without a further EU-compliant tendering exercise.

- 7.3 The Consortium Agreement has a two tier governance structure and each member of the Consortium has a vote on each body. The first tier is an operational one without formal decision-making powers and Brent's representative will be Jon Lemans (ICT Manager). This tier discusses operational issues and refers issues or new ideas to the strategic tier. The second tier deals with strategic issues and Brent's representative will be Sue Mackenzie (Head of Service). The Consortium is a Partnership Arrangement as set out in paragraph 85 of Contract Standing Orders but only requires specific Executive approval if there is to be delegated powers to another body within the partnership. Under this proposal, Havering would carry out contract management functions. In accordance with section 6 of Financial Regulations, the Director of Finance and Corporate Resources will also need to approve the detail of the Partnership Arrangement.
- 7.4 A review of the terms of the Consortium Agreement has been carried out and the main risk to the Council is an open-ended commitment to meeting (with the other consortium members) the costs of Havering in running the Consortium and monitoring the framework agreement with the supplier. This is a crucial role because only Havering has a direct contract with the supplier, while Brent has the right to call off against it. There is also a limitation on Brent's ability to claim from Havering any loss as a result of Havering's poor performance. However this risk is considered minimal because the system is installed and operational in a number of authorities, such that Havering's project management role is not as intensive as it was. It is also to be noted that when the Consortium is wound up, there is no requirement to contribute to any of Havering's potential redundancy costs in relation to the project team.
- 7.5 The existing contractor (SirsiDynix) has confirmed that it has no staff dedicated to the current Brent contract and accordingly there are no TUPE issues.

8.0 Diversity Implications

- 8.1 The service will offer a greater range of items for loan to Brent residents, as all members of Brent Libraries, Heritage and Arts will be able to request and borrow items from the other Consortium partners.

9.0 Staffing/Accommodation Implications (if appropriate)

- 9.1 All Library staff will need intensive training, as the new Library Management System will look and operate in a completely different way to the present system. This will have an impact on staff availability, and will have to be managed effectively using a combination of one to one, group and cascade methods, to reduce the impact on customer services

- 9.2 The Consortium arrangement includes the printing and distribution of printed overdue and hold notices by DS, instead of authority staff. This will save staff time of approximately an hour per day for 2 members of staff. This can then be used to assist in essential core duties, such as stock maintenance, stock recovery, fee recovery and front line services to the public.
- 9.3 The Consortium arrangement includes an automated telephone answering service that will help alleviate the enormous amount of time staff spend answering simple enquiries about renewing items for customers over the telephone. The new system will enable staff to offer a more efficient and customer focused, and will free staff time to undertake more important tasks such as front-line services to the public and stock recovery.

Background Papers

Appendix 1
Consortium agreement

Contact Officers: John Lemans, ICT Manager, Brent Library Service

Richard Saunders
Director of Environment and Culture