

Report of Head of Library Service

Report to Chief Officer, Culture and Sport

Date: 1st December 2014

Subject: Report to seek approval to waive contract procedure rules 9.1 and 9.2 and enter into a contract for the provision of support and maintenance of libraries RFID equipment together with the upgrade/replacement of equipment beyond its economic life.

Are specific electoral Wards affected? If relevant, name(s) of Ward(s):	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Are there implications for equality and diversity and cohesion and integration?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Is the decision eligible for Call-In?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Does the report contain confidential or exempt information? If relevant, Access to Information Procedure Rule number: Appendix number:	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Appendix A – Detailed cost breakdown		

Summary of main issues

1. The Council has installed an estate of 60 RFID (Radio Frequency Identification) self-service kiosks, which allows customers to borrow/return books and pay fines and charges, in 32 of its libraries; the equipment has been installed over a period of time since 2008.
2. The equipment is supplied by Bibliotheca Ltd, it is proprietary and can only be maintained by the supplier.
3. A proportion of this estate is beyond its economic life and some kiosks are still running PCs with Microsoft Office XP installed, which is no longer supported by Microsoft.
4. The current maintenance contract expires on 31st March 2015. The Council has an option to extend this by a further year.

Recommendations

5. The Chief Officer Culture and Sport is recommended to approve the waiver to contract procedure rules 9.1 and 9.2 and enter into a contract for the provision of support and maintenance of libraries RFID equipment together with the upgrade/replacement of equipment beyond its economic life.

1 Purpose of this report

- 1.1 This report is to seek approval to waive contract procedure rules 9.1 and 9.2 and enter into a contract for the provision of support and maintenance of libraries RFID equipment together with the upgrade/replacement of equipment beyond its economic life.

2 Background information

- 2.1 The library service has installed RFID self-service kiosks in 32 of its 36 branches. These kiosks were installed over a period of time and are currently being replaced on a rolling programme using leasing budgets. Currently around 5 kiosks per year are replaced.
- 2.2 The Council has a maintenance contract in place for the existing equipment, which expires 31st March 2015. The current cost of maintenance is £61,430 per annum. In addition, the contract provides support on a time and materials basis for items not covered under an annual maintenance agreement.
- 2.3 The RFID equipment is proprietary and therefore can only be maintained by the original equipment manufacturer.
- 2.4 A proportion of the existing estate is at the end of its economic life (23 Kiosks) and a number require upgrading (14 kiosks) as the operating system is no longer supported by Microsoft.
- 2.5 The RFID self-service kiosks are integral to library service as they reduce the reliance on library staff time for the issue/return of stock; and also assist in managing stock loss.

3 Main issues

Reason for Contracts Procedure Rules Waiver

- 3.1 The RFID equipment is proprietary and therefore can only be maintained by the original equipment manufacturer.
- 3.2 There is a need to replace/upgrade a proportion of the existing estate, which again requires equipment that can only be supplied by the original equipment manufacturer.

Consequences if the proposed action is not approved

- 3.3 Should the existing estate not be upgraded, there is a high probability that equipment will fail, resulting in poor customer service levels, increased staff time; and higher costs to repair/replace on a piecemeal basis.

Advertising

- 3.4 The contract will be awarded using the Negotiated Procedure without prior publication of a contract notice under the Public Contract Regulations and a Voluntary Ex-Ante Transparency Notice will be published.

4 Corporate Considerations

4.1 Consultation and Engagement

- 4.1.1 The Head of Information Management & Technology (City Development) and the ICT Strategic Sourcing Manager have been consulted regarding the proposed contract and their recommendations have been followed.

4.2 Equality and Diversity / Cohesion and Integration

- 4.2.1 There are no additional equality, diversity, cohesion and integration issues associated with the decision to replace this equipment, maintaining existing functionality whilst also offering the opportunity to improve customers' interactive experience. An Equality Impact Assessment was conducted in May 2008 and the observations and recommended actions considered at that time remain appropriate for the installation of this replacement equipment.

4.3 Council Policies and City Priorities

- 4.3.1 The library service operates 36 branches. 32 of these libraries offer self-service to customers via RFID self-service kiosks.
- 4.3.2 The provision of self-service equipment contributes to the Best Council objective of 'Becoming an efficient and enterprising Council', utilising self-service equipment reduces queuing at busy periods, enables customers to pay for fines and reservations and limits the amount of staff time required for a range of purely administrative transactions.

4.4 Resources and Value for Money

- 4.4.1 A soft market test has been conducted which indicates the cost to move to an alternative provider would be in the range £750,000 and £825,000 over an equivalent term. This cost excludes additional Council resource that would be required.
- 4.4.2 The proposed contract cost is £347,960 over 5 1/4 years.
- 4.4.3 The current maintenance costs over the same period would be £322,500. In addition, should the proposed contract not be awarded there will be costs in excess of £12,000 to upgrade the existing estate and an estimated £15,000 p.a. to end of life replace equipment as it fails. The proposed contract will, therefore, represent a saving of at least £61,540 over the term.
- 4.4.4 The annual maintenance costs will be fixed for the duration of the agreement, without any inflationary increase being applied over the term.
- 4.4.5 With the current maintenance agreement expiring 31st March 2015 and only one further option to extend by 12 months, the proposed contract provides the Council with known costs over the medium term.
- 4.4.6 The proposed contract will ensure the current estate is maintained and fit for purpose to a coterminous date of 31st March 2020, allowing a full estate review to take place at that time.
- 4.4.7 Finance Performance Group approved sourcing of budget from prudential borrowing for this proposal on 14th November 2014. Capital Scheme Number 32220/000/000.

4.5 Legal Implications, Access to Information and Call In

- 4.5.1 This decision is a Significant Operational Decision and not subject to call-in
- 4.5.2 The contract will be awarded under the Public Contract Regulations 2005 using the Negotiated Procedure without prior publication of a contract notices under Regulation 14 (1) (a) (iii).

4.6 Risk Management

- 4.6.1 The implementation of the upgrade/replacement equipment will be managed in accordance with the council's Delivering Successful Change (DSC) small projects process.
- 4.6.2 Ongoing contract risks will be managed in accordance with the Contract Management Plan that will be implemented following contract award.

5 Conclusions

- 5.1 The proposed contract represents value for money, allows the Council to identify and fix the cost of maintaining the RFID equipment over the duration; and will enable the library service to continue to deliver good customer service

6 Recommendations

- 6.1 The Chief Officer of Culture and Sport is recommended to approve the waiver of the following Contracts Procedure Rule(s):

Contracts Procedure Rules No 9.1 and 9.2 – High Value Procurements

And award a contract to Bibliotheca Ltd. in the sum of £347,960 for the provision of support and maintenance of libraries RFID equipment together with the upgrade/replacement of equipment beyond its economic life. . The contract shall commence on the 1st January 2015 and expire on the 31st March 2020.

7 Background documents¹

- 7.1 Confidential Appendix A Detailed Cost breakdown (exempt under Access to Information Rule 10.4(3))

¹ The background documents listed in this section are available to download from the Council's website, unless they contain confidential or exempt information. The list of background documents does not include published works.