

Library Service Options Appraisal Summary Report



Developing sustainability for the future

DECEMBER 2015

Library Service Options Appraisal

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1. Executive Summary

Buckinghamshire's libraries offer a wide range of services, are highly valued by the people who use them and have modernised in recent years to keep pace with local demand and need. The Buckinghamshire library service has been recognised nationally, for developing a mixed economy of delivery models through the creation of a range of innovative partnership models.

Over the past five years the service has responded to customer demand by developing a successful digital offering downloadable eBooks, eAudio books and eMagazines.

Important work has taken place to realise a vision of libraries as the Face of the Council – Heart of the Community. This work is developing our contribution to Health and Wellbeing, Digital Inclusion, Advice and Information and also using partnerships and co-locations to broaden the range of services offered from library spaces.

Context

Buckinghamshire County Council has a statutory duty, under the Public Libraries & Museums Act 1964, to provide a comprehensive and efficient library service. Measurable national standards to gauge compliance do not exist and considerable leeway exists for local authorities to interpret this requirement individually.

Nationally, public libraries have experienced year on year decline in issues (books, magazines, DVD's etc.) and visits since 2006. Considerable research has taken place to define a modern and relevant vision for public libraries given this decline in 'traditional usage'.

Vision and Strategy

Envisioning the Library of the Future, a 2012 programme of research commissioned by the Arts Council, to help develop a long-term vision for public libraries in England, set out four priority areas for development:

- Place the library as the hub of the community
- Make the most of digital technology and creative media
- Ensure that libraries are resilient and sustainable
- Deliver the right skills for those who work in libraries

More recently, the Leadership for Libraries Taskforce offered the following critique of a modern service in their six month progress report April - September 2015:

"The library can be the buzzing heart of a local community, or a peaceful space for quiet reflection; it's a source of information, entertainment and inspiration; a gateway to literature and learning; the centre of a practical support network for those in need. It's free to enter and open to everyone.

Libraries have evolved to become vital assets in their local communities, where customers are as likely to find a job, learn a skill or apply for a driving licence as they are to borrow a

book or read a newspaper. You don't even have to enter a bricks and mortar building to use the library – you can carry it in your pocket and refer to it at will, online.”

In line with the national vision, Buckinghamshire library service has developed a vision for the service as 'Face of the Council - Heart of the Community.' This strategy aims to build on the unique characteristics and strengths of the service and develop libraries as community hubs. The range of services offered will increase and Buckinghamshire libraries will make important contributions Health and Wellbeing, digital inclusion and welfare reform. Importantly, libraries will be developed as the front door of the county council offering a face to face service when needed and promoting and enabling access to the council's online services.

Importantly, the Library service can make a significant contribution to increasing digital inclusion and participation. The library service is trusted by Buckinghamshire communities, has experience working in partnership on programmes encouraging digital participation and library staff have the skills set to teach residents how to use, create and manage information in an informed and safe way.

Financial challenge and need for change

The library service has generated efficiencies and savings of over £2,000,000 during the last five years through a combination of methods including reviewing the staffing structure, lean systems, self-service technology and remodelling service delivery through a range of community library partnerships.

However, the library service is likely to face significant financial challenge over the medium term. Locally and nationally, library services are not subject to the protection of ring-fencing or prioritisation. It is not unrealistic to envisage a 30% reduction to be required over a period of four years.

Given this context, it is clearly important that the Council reviews the current situation and understands its options to identify the most appropriate, cost effective and sustainable way to deliver the library service in the future.

The specific benefits sought from the future delivery model were discussed with the Cabinet Member for Community Engagement and agreed as follows

- Specific reduction in annual revenue expenditure on libraries from April 2017
- Buckinghamshire libraries able to deliver on the Face of the Council - Heart of the Community strategy and deliver on key council priorities
- Buckinghamshire libraries have potential for high quality/low cost sustainable future
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Options appraisal - Research and information

Given the national context and the need for change, an options appraisal was carried out to investigate alternative vehicles for delivering the library service that would deliver the agreed benefits. The first stage in undertaking the options appraisal was to complete desktop research to identify the long list of potential options that could deliver the library service in the future, and to engage with stakeholders.

Stakeholder engagement

Extensive stakeholder engagement took place to test what different stakeholder groups valued about the library service, and which particular characteristics and strengths of the current offering should be preserved. With our more informed stakeholders, some consideration was also given to the alternative delivery options, to gauge any significant support for, or opposition to, a particular model. The priorities and concerns of key stakeholders informed the criteria that the various options were evaluated against.

Meetings were convened with elected members, internal and external partners, community library partners, customers, staff and volunteers.

Options considered

A survey of the different models of delivery adopted nationally identified seven potential options. A combination of research, analysis and discussion identified that of the seven options in the long list the following options were unlikely to deliver on the specific benefits sought through the options appraisal:

Minimum offer that satisfies our statutory duty

This option was not shortlisted because of clear political steer regarding maintaining existing service offer.

Collaboration/merging with library services in other authorities

This option was not shortlisted because research undertaken with neighbouring authorities demonstrated that whilst there is a clear appetite for more joined up working, there is no opportunity at present to progress a more radical merging of services.

Enhanced co-production (community libraries)

This option was not shortlisted because there is no evidence to suggest that the self-managed community library models introduced in the smallest Buckinghamshire libraries could be successfully scaled up and applied to larger county libraries. This view was shared by community library partners during stakeholder meetings.

Wholly-owned Limited Company.

This option was not shortlisted as it is not fit for purpose. With this model the company cannot be registered as a charity, so it cannot offer the tax benefits of a charitable organisation in the same way as an independent spin out could.

Although these 4 options have been rejected, it is likely that two of them (collaboration and co-production) could be *part* of the solution in one of the three short-listed options.

Short listed options

The initial investigations indicated that the following three options could potentially deliver the required benefits:

Re-modelled in-house option

This option is the 'as is' – continuing to provide library services under the existing model of local council management and delivery. It is subject to council policy, procedures,

regulations, standards and processes. The library service continues to be funded by the county council budgets and its traditional income sources (primarily fees/fines and room hire).

Spin Out

Buckinghamshire's library service spins out as an independent entity.

With this option, the whole library service is set up and run as a new organisation, independent from BCC. It provides the management and delivery of the service through a commissioning contract with BCC. Operating independently and not-for-profit – and probably as a charity – it can generate income in new ways. It would be incorporated as some form of social enterprise, mutual, charitable trust and/or arms-length company.

Outsource

The library service is outsourced by Buckinghamshire County Council to the market.

The County Council outsources the running of the library service to an existing external organisation of some kind, as the result of a competitive tender. The service is run via a commissioning contract from BCC. The winning bidder is likely to operate in other business areas, be for profit or not-for-profit, and may or may not be a charity. The service has the freedom to generate income in different ways.

The Assessment

This short list was considered and endorsed by the Cabinet Member for Community Engagement at a meeting on 11th November 2015 and these options have been considered more fully by assessment panel consisting of council officers and an elected member. The panel had been configured so as to ensure robust financial and strategic perspective as well as the challenge provided by an elected member

Three levels of analysis were undertaken to inform the evaluation of the shortlisted delivery options:

1. **A SWOT analysis** has been provided for each of the three models, with reference to how well each model could deliver the required benefits identified. The advantage of this approach is that it enables a rounded picture to be formed of the balance of positive and negative features of each model independently of the others.

2. **A Best Value Test Comparative Table.** Each option was evaluated and scored against an assessment criteria. The criteria were drafted having considered the methodologies employed in options appraisals undertaken recently by Suffolk CC and Devon CC, and are based on the development of five key tests against which to assess the structural delivery options: the statutory test, the financial test, the aspirations test, the sustainability test and the partnerships test. A series of meetings and surveys were then undertaken with key stakeholders to test how well the draft assessment criteria reflected the concerns and priorities of BCC stakeholders. Meetings were convened with customers, staff, volunteers, community library partners, elected members and a range of internal and external partners.

3. **A Summary Evaluation Scorecard** has been prepared using the ratings from the Comparative Table. Applying a score of 5 for High, 3 for Medium and 1 for Low, determines the level of relative risk and opportunity for each model.

Evaluation

The evaluation of the shortlisted options against the assessment criteria was undertaken by a panel designed to ensure objectivity and challenge. The assessment was based on the evidence available on each option, produced in part by research undertaken by the Innovation and Commercialisation team, as well as existing library market intelligence, research undertaken by the senior library management team and feedback from the stakeholder engagement.

Each option was scored and narrative provided against the assessment criteria, taking account of risks and opportunities, resulting in the identification of a preferred option. The scoring from the assessment panel can be found in Appendix B.

Option 1: Re-modelled in-house

The in-house model has the lowest risk overall, but has fewer opportunities to take advantage of the full range of cost saving or income generation opportunities identified in the external models. Although the financial model indicates that some cost savings can be achieved by year 3, achieving the required savings would result in a reduction in the service.

It would be a safe option, operating through known procedures, under the direct democratic mandate of the Council, and with the immediate back up of the resources of the County Council. It would offer good scope for continuing the development of partnership working with communities and external and internal partners and customers are familiar with and appreciate the set up. It would also pose lowest risk to service continuity in the short term. However, it runs a higher risk of reductions in library opening hours, or indeed reduction in the number of libraries over the longer term, should there be failure in making all the efficiencies in central services or corporate overheads.

Option 2: Spin Out

The Spin out option scores highest on opportunity and between the other 2 options on risk. It delivers the most advantages in terms of community governance, and the best opportunities for developing internal and external partnerships. As a charity, it would attract tax advantages which would significantly reduce costs and, open up new channels of funding not available to local authorities. The financial modelling suggests this option is most likely to achieve the savings targets, whilst delivering a sustainable service for the long term. The higher level of staff engagement with a spin out would benefit the quality of service both in terms of commitment and retention.

The higher levels of risk are associated with an unfamiliar model, and at this stage the unknown costs of implementation. This model offers the most scope for innovation and for tailoring services to the needs of local communities. A spin out would certainly be a viable option and one where the County Council could demonstrate genuine commitment to its aspiration for local governance.

Option 3: Outsource.

The outsource option is the least attractive option. It has the highest risk and the least opportunity. Arguably, the greatest risk with this option is the potential incompatibility with

our successful community library model and the development of enhanced community governance. The risk around the customer perception of the service is high - there is a perception amongst stakeholders that this option represents 'privatisation' of the service – something they find unpalatable. The efficiencies of this model are based around economies of scale, resulting in high risks around sufficient trained staff and levels of staff engagement.

Preferred option and next steps

The detailed narrative and scoring from the assessment panel clearly identifies Option 2 Spin Out as the preferred option

This options appraisal has assessed the likely ability of each model to deliver the service. It has not predicted future costs and benefits with complete certainty, and the next stage is

- i) To work up a detailed business case exploring this option, taking into consideration the various organisational forms of 'spin out' including charitable trust and public service mutual
- ii) To clarify implementation / investment costs, levels of savings to be realised and procurement options and implications
- iii) To ensure, in developing this business case, the full engagement of support services and an agreed evaluation of the costs of these in relation to the delivery vehicle
- iv) To begin, now, to develop a commissioning and contract management mechanism for a new delivery vehicle that ensures accountability, flexibility and responsiveness
- v) to undertake extensive public consultation on the preferred option.

2. Strategic Case – Current Landscape and Project Context

2.1 Introduction

2.1.1 Legal context

Individual public library services are delivered by 151 library authorities in England, and they have a statutory duty under the Public Libraries & Museums Act 1964 '*to provide a comprehensive and efficient library service, set in the context of local need, specifically of those who live, work and study in the local area, and within available resources*'.

The 1964 Act imposes a duty on the Secretary of State for Culture, Media and Sport to oversee and promote the public library service and to secure discharge of the statutory duties of local authorities as well as providing certain powers to take action where a local authority is in breach of its own duty.

2.1.2 Scope of current provision

Buckinghamshire's library service is delivered through a network of 30 branch libraries, 3 mobile libraries, one prison library service, a Schools Library Service, a Home Library Service and a range of online services.

Over two and a half million books. DVDs, magazines and CDs are issued each year and our libraries receive 1,600,000 physical visits a year. There are currently 343,000 library members (65% of population) and approximately 16,000 new members join each year.

The service employs 127 FTE staff, and has an annual budget of £4,663,720.

The library service has developed a mixed economy of delivery models through the creation of a range of innovative partnership models. Work to enable community library partnerships in Buckinghamshire first started in 2007 and to date nineteen libraries are delivered through a variety of community library models. The estimated savings from re-modelling in this way is in excess of £700,000. In addition, the flexible partnership approach adopted in Buckinghamshire has successfully supported a network of community libraries that have increased opening hours and visitor numbers and broadened the range of services delivered to their local communities.

Over the past five years the service has responded to customer demand by developing a successful digital offering downloadable eBooks, eAudio books and eMagazines. The Library website holds information about all services and the online catalogue gives 24/7 access to borrower accounts, online joining, renewals, reservations and since early 2015 online payments of fines and fees. The catalogue has over 300,000 visits per year and over half of all renewals are done online.

2.2 The Case for Change

2.2.1 Future shape

The work in undertaking an options appraisal for Buckinghamshire libraries is in line with the principles of Future Shape. 'The Commercial Council – Our Blueprint for the Future 2013-2017' defines one of the design principles for Organisational Design as follows:

"A Value for Money (VFM) approach will be used to determine service providers. A range of service delivery approaches will be considered, including in house provision, outsourcing, community delivery, voluntary sector, social enterprises"

2.2.2 National Strategy

Envisioning the Library of the Future is a 2012 programme of research commissioned by the Arts Council to help develop a long-term vision for public libraries in England. The research has confirmed that public libraries are trusted spaces, open to all, in which people continue to explore and share the joys of reading, information, knowledge and culture.

The research also indicates that public libraries face many challenges in the coming years, including: advances in technology, which affect the ways in which people want to connect to information and culture; reduced public expenditure; the increasing involvement of citizens in the design and delivery of public services; and the needs of an ageing population.

In order to for the library sector to be as successful, sustainable and enjoyable as possible in light of these challenges, the Arts Council has set out four priority areas for development:

- Place the library as the hub of the community
- Make the most of digital technology and creative media
- Ensure that libraries are resilient and sustainable
- Deliver the right skills for those who work in libraries

2.2.3 Buckinghamshire libraries strategy

Visits and issues for all public library services nationally have shown a year on year decline since 2006. A radical and bold approach is now required in order to ensure that Buckinghamshire retains a cost effective, high quality and sustainable library service.

In line with the national strategy summarised above, Buckinghamshire library service has developed a vision for the service as 'Face of the Council - Heart of the Community'. This strategy aims to build on the unique characteristics and strengths of the service and develop libraries as community hubs. The range of services offered will increase and Buckinghamshire libraries will make important contributions to Health and Wellbeing, digital inclusion and welfare reform. Importantly, libraries will be developed as the front door of the county council, offering a face to face service when needed and promoting and enabling access to the council's online services.

This strategy has been developed with library staff over the last two years and also with the Environment, Transport and Locality Services Select Committee. Reports describing the overarching strategy were submitted to the meetings of 8th April 2014 and 18th November 2014. A workshop on a vision for the library service took place on 29th January 2015.

The ETL have asked that an additional update report be submitted following the completion of the options appraisal.

i) Face of the Council

With a network of community venues, over 1.6 million physical visits and the second most popular web pages on the council website, Buckinghamshire libraries have the potential to develop as the Face of the Council. With phone, web and face to face access, library staff work closely with the contact centre and web team in sign posting and promoting access to council services – especially digital access.

Libraries are bringing the council closer to the community and can help to reduce costs through co-location with other council services. Libraries work closely with localities to improve community engagement and currently host surgeries for Trading Standards and Registrars. Our Mobile libraries have internet access and been converted to include a discreet meeting space. This enables access to council information and services to the most physically isolated residents in partnership with other council services.

ii) Heart of the Community

The safe, welcoming and neutral community space, the availability of free access to ICT, extensive free information resources and trained staff means that libraries are uniquely positioned to make important community-based contributions. Libraries host a range of activities for school children, Bounce and Rhyme for Under 5's, Over 50's groups, Knit and Natter groups and enable meetings, lectures and discussions across a wide range of subjects.

Libraries have been proactive in forging meaningful partnerships to deliver improved health and wellbeing, advice and welfare, business, employment and support for the elderly. With a rapidly developing network of partners using library community spaces, we are developing as focal points for the community. Already, library services are enhanced through partnerships with Bucks Floating Support, Thames Valley Police, Children's Centres, Bucks Business First, Credit Unions, Citizen's Advice Bureaux and Careers Advice.

Importantly, the library service has developed effective partnership arrangements with Public Health and has been successful in delivering health checks in libraries and in promoting 'Five Ways to Wellbeing'. Our contribution to wellbeing is further strengthened through our partnership with Healthy Minds and the successful 'Books on Prescription' scheme.

iii} Libraries and Digital Inclusion

The digital by design agenda, nationally and locally, requires effective support to be made available to ensure that residents without computers and/or the ability to use them are not disadvantaged.

12.6 million in UK have no basic digital skills (means using emails, searching online, using internet safely see <http://www.go-on.co.uk/get-involved/basic-digital-skills/>)

New Cebr report shows that providing basic digital skills to 100% on the UK population could contribute over £14 billion annually to the economy by 2025. Investing in this has a cost benefit ratio of 9.7, a return of almost £10 for every £1 invested.

The Library service can make a significant contribution to increasing digital inclusion and participation. The library service is trusted by Buckinghamshire communities, has experience working in partnership on programmes encouraging digital participation and library staff have the skills set to teach residents how to use, create and manage information in an informed and safe way.

2.2.4 Progress in implementing the strategy

Over the last year, important work has taken place to realise a vision of libraries as the Face of the Council – Heart of the Community. This work is developing our contributions to Health and Wellbeing, Digital Inclusion, Advice and Information and also using partnerships and co-locations to broaden the range of service offered from library spaces.

- By March 2015 all 160 Bucks Library staff had completed the Digital inclusion training programme developed by Tinder Foundation and Society for Chief Librarians enabling them to assist customers without basic online skills get online
- 52 library staff trained as CAB information assistants This is a partnership project to increase availability of and opportunities to access CAB quality assured information, advice and guidance in accessible locations in Buckinghamshire.
- Working in partnership with NHS Healthy Minds to promote their free talking therapies service, support for anyone experiencing stress, anxiety, depression, chronic pain and eating disorders
- 36 staff and 53 customers have attended Dementia Friends Information sessions held in Libraries and are now Dementia Friends, people who pledge to increase understanding and awareness about living well with dementia.
- NHS health checks now delivered from fifteen of our libraries .
- Wycombe District Council Tourist Information services have relocated to Marlow and Princes Risborough libraries.

- Important partnerships have been developed with Thames Valley Police to share accommodation and deliver TVP services from library settings. TVP offices are now in place in Burnham and Great Missenden libraries. In Burnham Level 1 TVP counter services are delivered in the library.

There are several important projects in progress during 2015/16:

- Alterations to Amersham Library will allow the Registrars service to deliver regular sessions out of the library. Registrar services are already delivered out of High Wycombe library
- The refurbishment of the Buckingham Centre will involve the re-modelling of the library and centre receptions. Library staff will not deliver all front desk customer services staff, including referring and signposting to BCC services. This initiative will enable a contact centre saving of £31,000 without reducing BCC customer services in Buckingham
- McMillan – plans to install Cancer Support information stands in libraries. and train library staff.
- Health champion training 10 staff trained, evidence returned monthly on health related activities and signposting to health information and support in libraries with plans to train further staff March 2015
- £4,000 funding from Tinder Foundation to register 225 customers on learn my way and support them to gain basic digital skills in Chesham and Aylesbury

The 'Face of the Council - Heart of the Community' strategy offers a coherent response to the decline in traditional usage and can ensure the continuation of relevant local services. This strategy can also generate income and improve efficiency.

However, the library service is likely to face significant financial challenge over the medium term. Specific savings targets, in addition to existing MTP targets, have yet to be confirmed but it is clear that national strategy around deficit reduction will result in a significant challenge for the library service in the medium term. Locally and nationally, library services are not subject to the protection of ring-fencing or prioritisation and projections of 30% reduction over a period of four years are currently being suggested. For the library service this amounts to £1.4 million.

Buckinghamshire Libraries has already been re-modelled significantly in response to reduced budgets, changing demand, technological developments and the recognition of libraries' role as trusted community spaces. Libraries have reduced budgets by £2 million over the past five years by a combination of methods including reviewing the staffing structure, lean systems, self-service technology and remodelling service delivery through a range of community library partnerships.

During 2015/16 significant savings were delivered through a reduction in opening hours and further reductions in management over-heads and non-front line capacity is planned for 2016/17 in order to deliver on MTP savings of £126,000.

If the library service is to maintain the current level of service and also generate significant further savings, then consideration will need to be given to adopting a model of service delivery better able to deliver on this than the current arrangement.

2.3 The Options Appraisal

The purpose of the options appraisal is to identify a future delivery model which can deliver the following –

- Specific reduction in annual revenue expenditure on libraries from April 2017
- Buckinghamshire libraries able to deliver on the Face of the Council / Heart of the Community strategy and deliver on key council priorities
- Buckinghamshire libraries have potential for high quality and low cost sustainable future

Research was undertaken to investigate existing models of best practice across the sector, and from this, a long list of possible options was generated. Further research and assessment was then undertaken to develop a short list of three options and additional work commissioned where necessary to collect information on the short listed options.

2.3.1 Stakeholder engagement

Extensive stakeholder engagement took place to test what different stakeholder groups valued about the library service, and which particular characteristics and strengths of the current offering should be preserved. With our more informed stakeholders, some consideration was also given to the alternative delivery options, to gauge any significant support for, or opposition to, a particular model. The priorities and concerns of key stakeholders informed the criteria that the various options were evaluated against.

Meetings were convened with elected members, internal and external partners, community library partners, customers, staff and volunteers.

- **Members**

All elected members were invited to a presentation on the future options for the library service on 15th September 2015. Particular interest was shown in the scope for financial savings, the relevance of a Tri-Borough approach and the Cabinet Office Mutual programme. Interest was also shown in the scope for developing Buckinghamshire libraries as part of a wider cultural trust.

- **Internal / External partners**

Phone conversations and / or emailed contact with 34 different partners have taken place. The primary concern articulated was to ensure that future models of delivery retain successful partnership working.

- Community Library partners

All nineteen partnerships were approached and responses received from all of them. A combination of meetings and written response gives a clear steer in terms of the importance of new model being able to effectively support models of co-production. Clear concern, also, around potential conflict between voluntary / community-based models and profit-based organisations. The ability to deliver on the council's vision for local governance and the importance of wider customer perception (i.e. reputation) were also highlighted.

- Customers

Discussions were held with 4 customer groups at Wendover and Beaconsfield libraries to obtain some qualitative data around what are regarded by customers as priorities for the service. The high regard with which staff are held was evident, and libraries are regarded as much as social spaces as providers of information and entertainment. In the groups respondents referred to how they used the library to meet people when new to the area, and it was felt that the events and activities held at libraries are important factors in 'building the community'. Some concern was expressed about how the library service would remain democratically accountable if not delivered by BCC.

- Staff

A discussion at the library staff conference in November 2014, and focus groups held in September 2015 and an ongoing programme of engagement have identified staff interest in greater involvement, a commitment to staff training and qualification and a concern not to lose 'trust' of customers.

- Volunteers

A focus group of BCC volunteers from across the service was held to obtain some qualitative data around what they valued about the library service and what they felt was a priority for the future of the service. Their personal motivations for volunteering were around social interaction and the satisfaction of helping others and the wider community. They valued the expert support they receive from library staff and the infrastructure to allow them to carry out their roles effectively. They felt very strongly that partnership working was the way forward, but felt that future partnerships/delivery 'should not be commercial or you may lose the volunteers.'

See Appendix A Stakeholder Engagement Activity

3. The Methodology

3.1 Research and Information

Following research of current and best practice within the sector, the following long list of options was identified:

- Minimum offer that satisfies the statutory duty
- Collaboration/merging with library services in other authorities
- Enhanced co-production (community libraries)
- Wholly-owned Limited Company.
- Re-modelled in-house option
- Outsource
- Spin out

Research and information collection took place on all of these options, including benchmarking reports, telephone and desk research and existing professional knowledge.

Each of these options was considered against how well they could deliver the required benefits. The initial investigations found that 4 of the options were not viable, because they could not deliver the required benefits. These were: a minimum offer that satisfies our statutory duty, collaboration/merging with other library services, enhanced co-production and the formation of a wholly owned limited company to deliver library services. The rationale behind the failure of these options to be short-listed is given below.

3.1.1 Minimum offer.

This would mean identifying the bare minimum that still satisfies the council's statutory duty under the Public Libraries & Museums Act 1964. This option, were it to be developed, might involve identifying the minimum number of library buildings required along with minimum opening hours and investment in materials. It is likely that this option would also cease activities that were not directly related to the statutory duty and this might mean ending work related to Health and Wellbeing, Digital Inclusion, Employment & Skills, Welfare Reform

This option was not shortlisted because of a clear steer given by the Cabinet Member to the effect that the options to be considered should deliver on the existing offer in terms of outputs (number of libraries / opening hours) and impact (range and quality of services offered) in line with the Face of the Council – Heart of the Community strategy.

3.1.2. Collaboration

Increasingly, local authorities are encouraged to pool or merge resources in order to deliver more efficient services.

Buckinghamshire libraries have been keen and successful participants in collaborative working for some time. Since 2007 Buckinghamshire libraries have been working with 11

other authorities in the South East in order to gain benefits of scale by jointly procuring a shared, supplier hosted Library Management System. (The 11 partner library services are currently Brighton & Hove City Council, Hertfordshire County Council, Kent County Council, London Borough of Camden, London Borough of Richmond upon Thames, Medway Council, Milton Keynes Council, Royal Borough of Richmond upon Thames, Royal Borough of Windsor and Maidenhead, Slough Borough Council and West Berkshire Council).

This consortium arrangement has enabled development of the service and also streamlined back office work, saving cost.

Tri Borough

Some local authorities have moved beyond consortia working and have created new organisations where key services and personnel are merged. Tri Borough (Westminster, Kensington and Chelsea and Hammersmith and Fulham) is probably the most well-known example of this approach. Tri Borough aims to ensure that the residents of the three boroughs receive a distinctive and recognisable service from their respective library service but behind the scenes the support services and some management overheads are shared.

Tri Borough generates a one-off saving in the region of £2 million for the three authorities. The intention is to continue to work together to find new ways of delivering efficiencies.

Importantly, this approach seems to have been successful because of high level political commitment across all three authorities and geographic size (small local authorities compared to Buckinghamshire) and proximity (they are physically adjacent).

Neighbouring authorities

Informal discussions, at senior officer level, have taken place to determine the appetite for collaborative working and, where relevant, the ability to engage in work to take forward new models.

Discussions with colleagues in Northamptonshire, Hertfordshire, Oxfordshire, Surrey, Windsor and Maidenhead, Slough and Milton Keynes have taken place.

All neighbouring authorities are developing a strategic review or options appraisal and all are keen to explore the scope for collaboration in the future. However, none of the authorities approached are in a position to move quickly on a radical merger type project with Buckinghamshire at this time.

It is clear that there is plenty of scope for discreet collaborative projects and/or the merging of some non-front line systems or services and these are areas that could be explored as part of a business case for one of the shortlisted options.

Importantly, a key driver for collaborating and efficiency is common library ICT systems, and it is unfortunate, in the short term, that Buckinghamshire, Northamptonshire, Oxfordshire and Surrey all use different systems.

3.1.3 Co-production

Library services across the country are looking at ways of introducing community libraries as a means of saving money without closing libraries. Work to enable community library

partnerships in Buckinghamshire first started in 2007 and to date nineteen libraries are delivered through a variety of community library models. The estimated savings from re-modelling in this way is in excess of £700,000. In addition, the flexible partnership approach adopted in Buckinghamshire has successfully supported a network of community libraries that have increased opening hours and visitor numbers and broadened the range of services delivered to their local communities.

The first community library models were self-managed. This meant community groups, constituted as not for profit organisations, received a range of support from the council to provide a local library service delivered by volunteers. The arrangement was formalised through a resource grant agreement and a lease between the group and the council. Later partnership models were 'community supported models'. In these partnerships the council kept the premises responsibility and retained a small reduced staff presence and worked with the community to recruit and support volunteers and to fund raise.

The Buckinghamshire community library model is regarded as an example of best practice nationally and Buckinghamshire Libraries have hosted visits from officers and members from all over the country who wished to learn about the model and its success. The current network of partnerships took over four years to develop and was built on the principle of one size doesn't fit all. Consistent and meaningful support is central to the model and this extends beyond financial support. In Buckinghamshire, 20% of the service is delivered through 'co-production' and this successful mixed economy of delivery means that libraries now look to find ways to develop together, to share learning and value their respective and complementary strengths.

In evaluating options for new delivery models it is required to consider whether an increase in co-produced models is feasible or desirable.

The ten County libraries are much bigger and busier than any of the community libraries and offer a more varied and complex range of services. It is clear that scope does exist to increase volunteer capacity and generate cost savings and/or added value across some sites, but it is unlikely that the existing models will work successfully across the bigger libraries. Self-managed community libraries, delivered through volunteers, operate a shift system with volunteers working alternate weeks for a shift of 3 – 4 hrs. Typically, a self-managed library will have 50 – 70 volunteers. This model works well with lower foot fall but in busier libraries the range of enquiries means that the volunteer model will not offer the same degree of continuity. Self-managed community library partners have shared their own view that their delivery models would not work for larger and busier libraries.

A move towards a community supported approach could be adopted in some of the smaller county libraries but this is a gradual process that would release modest savings. Experience to date demonstrates that a significant investment in staff time is needed in order to recruit, train and support volunteers and that this approach might only be considered in the least busy of the county libraries, specifically Hazlemere and Princes Risborough. In addition, it is difficult to recruit volunteers into these roles if compulsory redundancy for BCC staff is involved. The remaining BCC staff and volunteers will struggle to commit to the model under these circumstances. This means that volunteer capacity will grow in response to natural turn-over but relating savings to BCC staff turn-over makes it hard to timetable these savings with certainty. There is also a point reached with this model, whereby the more that BCC

staff numbers reduce, the more time the remaining staff have to commit to a constant process of recruiting, training and replacing volunteers to the detriment of other areas of service.

For the service as a whole it is clear that the support infrastructure available to the current 19 community library partners would be jeopardised if County libraries moved to community supported models. County libraries currently offer a 'buddying' role to neighbouring community libraries. Centrally delivered support and training, in particular, would need to be increased as the number of community library partnerships increased.

Having reflected on the Buckinghamshire experience to date and the views of community library partners, the considered view of library service officers is that increased co-production in some of the smaller county libraries is desirable and viable as an element of a wider strategy. However, a significant shift towards greater co-production across the county network is not viable and this option should not be shortlisted.

3.1.4 Wholly-owned Limited Company.

As this model cannot be registered as a charity, it cannot offer the tax benefits of a charitable organisation in the same way as an independent spin out could. It could offer benefits around opportunities to reduce costs around support services and seek out new income streams, but there is less opportunity for culture change and possible negative perceptions from the public. In addition there would be high set up costs, plus the BCC requirement for contract management.

Although these 4 options have been rejected at this point, it is likely that two of them (collaboration and co-production) could be *part* of the solution in one of the other options.

3.1.5. Short-listed options

The initial investigations indicated that the remaining three options could potentially deliver the required benefits. This short list was considered and endorsed by the Cabinet Member for Community Engagement at meetings on 16th June and 11th November 2015 and these options have been investigated more fully to determine the preferred option.

3.2 The Evaluation Process

Three levels of analysis were undertaken to inform the evaluation of the shortlisted delivery options:

3.2.1 SWOT (Strengths, Weaknesses, Opportunities, Threats)

A SWOT analysis has been provided for each of the three models, with reference to how well each model could deliver the required benefits identified on page 14. The advantage of this approach is that it enables a rounded picture to be formed of the balance of positive and negative features of each model independently of the others.

3.2.2 Best Value Test Comparative Table.

A series of meetings and surveys were then undertaken with key stakeholders to test how well the draft assessment criteria reflected the concerns and priorities of BCC stakeholders. Meetings were convened with customers, staff, volunteers, community library partners, elected members and internal and external partners. This comparative analysis involves an independent and objective assessment panel assessing each shortlisted option against agreed assessment criteria. These criteria were drafted having considered the methodologies employed in options appraisals undertaken recently by Suffolk CC and Devon CC, and are based on the development of five key tests against which to assess the structural delivery options: the statutory test, the financial test, the aspirations test, the sustainability test and the partnerships test.

This analysis takes the test criteria and compares each of the models against each criteria and against each other. This methodology assesses how each model offers the opportunity to meet the standards required, together with an assessment of any associated risks. Risks and opportunities are rated from High to Low. Where there is neither risk nor opportunity the rating is left as not applicable (N/A).

3.2.3 Summary Evaluation Scorecard

The ratings from the Comparative Table were used to prepare the scorecard, applying a score of 5 for High, 3 for Medium and 1 for Low, enabling the scoring of the level of relative risk and opportunity for each model.

3.2.4 The Assessment Panel

The assessment of the shortlisted options against the assessment criteria was undertaken by a panel designed to ensure objectivity and challenge. The assessment was based on the evidence available on each option, produced in part by research undertaken by the Innovation and Commercialisation team, as well as existing library market intelligence, research undertaken by the senior library management team and feedback from the stakeholder engagement.

The assessment panel consisted of council officers and an elected member. The panel had been configured so as to ensure robust financial and strategic perspective as well as the challenge provided by an elected member.

Jane Bambridge – Policy and Strategy Advisor HQ

Adrian Isaacs – Finance Director CHASC

David Jones – Library Service Manager

Cllr David Martin

Ruth Page – Project Manager

The assessment criteria were considered and endorsed by the Cabinet Member for Community Engagement at meetings on 16th June and 11th November 2015 and by the assessment panel at meetings on 16th November and 23rd November 2015.

4 Detail of Each Option

4.1 OPTION 1: Re-modelled in-house option.

Buckinghamshire County Council continues to deliver the library service in-house. This option provides library services under the existing model of local council management and delivery. It is subject to council policy, procedures, regulations, standards and processes. The library service continues to be funded by the county council budgets and its traditional income sources (primarily fees/fines and room hire).

4.1.1 Characteristics

HR Features

- All staff are employees of Buckinghamshire County Council (BCC) – no change;
- Support services are provided by Buckinghamshire County Council.

Pensions

- No change to current arrangements (staff – who have opted in – are members of the Buckinghamshire fund of the Local Government Pension Scheme).
- Assets and liabilities remain with BCC.

Assets and Property

- BCC would continue to look to reduce its estate in line with the corporate strategy, which is likely to include some libraries sharing premises with other services and/or organisations. Responsibility for assets and property (including buildings, books, equipment, furniture and fittings) in general remains with BCC.

Procurement Features

- There are no procurement implications, as the service would continue to be run in-house. If communities wanted to take on aspects of the service, BCC would contract with each of them separately.

Information Management

- Restrictive policies on ICT, including the public PCs. Worst case scenario going forward is reducing quality of IT service delivery and restrictions on future development.

Governance and Democratic Accountability

- The relevant portfolio holder is responsible for the strategic direction of the service. Major policy decisions about the service are made by the Council's Cabinet.
- Senior officers manage and deliver the service and provide professional advice and support to the portfolio holder as appropriate.

Timescales and Achievability

- This option is already in operation.

4.1.2. SWOT analysis

<p>strengths</p> <ul style="list-style-type: none"> • BCC remains directly in charge of library service – thus has direct control of meeting statutory duty • Reputation of current service • Democratic mandate • Known and proven service delivery model • meets council’s aspirations for stronger community governance with established community library network • Capacity queries may be mitigated by drawing support from the wider corporate body of BCC 	<p>Weaknesses</p> <ul style="list-style-type: none"> • Subject to BCC overheads – unable to look for cheaper alternatives • Community control over local library services only and no direct input to the central enabling service <p>Less potential for baseline savings and new income will mean that service levels will be reduced to achieve savings targets</p> <ul style="list-style-type: none"> • Cultural change subject to BCC corporate culture – thus slower, and potentially limits staff ownership/ innovation • Short to medium term savings strategies but no clear sustainability strategy for longer term
<p>Opportunities</p> <ul style="list-style-type: none"> • Easier access to BCC corporate functions to support service 	<p>Threats</p> <ul style="list-style-type: none"> • Reputation could be damaged if the quality of service reduces

4.1.3 Summary from Evaluation Panel

The in-house model has the lowest risk overall, but has fewer opportunities to take advantage of the full range of cost saving or income generation opportunities identified in the external models. Although the financial model indicates that some cost savings can be achieved by year 3, achieving the required savings would result in a significant reduction in the service – both in terms of quantity and quality.

It would be a safe option, operating through known procedures, under the direct democratic mandate of the Council, and with the immediate back up of the resources of the County Council. It would offer good scope for continuing the development of partnership working with communities and external and internal partners and customers are familiar with and appreciate the set up. It would also pose lowest risk to service continuity in the short term. However, it runs a higher risk of reductions in library opening hours, or indeed reduction in the number of libraries over the longer term, should there be failure in making all the efficiencies in central services or corporate overheads.

See Appendix B for Evaluation Scorecard

4.2 OPTION 2: Spin out.

Buckinghamshire’s library service spins out as an independent entity (arms-length company, mutual, charitable trust or social enterprise)

The whole library service is set up and run as a new organisation, independent from BCC. It provides the management and delivery of the service through a commissioning contract with BCC. Operating independently and not-for-profit – and possibly as a charity – it can generate income in new ways. It would be incorporated as some form of social enterprise, mutual, charitable trust and/or arms-length company.

See Appendix F Innovation and Commercialisation report on spin out options

4.2.1 Characteristics

HR Features

- Libraries staff transfer to the new organisation under TUPE arrangements
- Centralised back office services may be provided by external suppliers or in-house by the spin-out organisation, rather than by BCC departments.
- A different management structure would be needed to lead the organisation, bringing in new business skills.
- New staff may be employed on new terms and conditions which can be more flexible in implementation than within a local authority framework.

Pensions

- Responsibility for pensions provision transfers to the new organisation, including assets and future liabilities. The organisation would apply for admitted body status to the Local Government Pension Scheme (LGPS). As a new organisation with no credit history, it is unlikely to be able to secure a bond so BCC could be asked to act as guarantor.
- The conditions of transfer for TUPE'd staff depends on the form of the new organisation and contract but staff affected would retain their existing LGPS pension.
- Staff affected by TUPE who had opted out of the LGPS are automatically enrolled in it on transfer to the new organisation (with the option to opt out again).
- New staff will be offered enrolment in a pension scheme, which may or may not be the LGPS.

Assets and Property

- BCC would continue to look to reduce its estate in line with the corporate strategy, which is likely to include some libraries sharing premises with other services..
- Negotiations would take place to determine whether responsibility and ownership of property and other assets remain with BCC or are transferred to the new organisation.

Legal Features

- The Council retains the statutory responsibility for libraries and commissions the new organisation to deliver that responsibility plus any other required outputs or outcomes. It would be subject to a legal contract between BCC and the new organisation. Both BCC and the new organisation take their own legal advice.

Financial Features

- If set up as a charitable organisation, the service would be eligible for up to 80% relief on National Non-Domestic Rates (NNDR/business rates).
- The ability to employ new staff on different terms and conditions, including the pension scheme, could reduce costs.
- Freedom to manage and develop own support services to meet organisation and service requirements.
- Being outside of local authority control would allow the organisation greater flexibility in generating income, and better opportunities for fundraising and grant funding.

Procurement Features

As a commissioning relationship will exist between the county council and the new organisation, European and UK Public Contract Regulations apply:

- BCC can directly award the contract to the new organisation (length of contract to be negotiated) but could be at risk of challenge from the market unless the Teckal exemption is applied (Teckal can apply to a local authority trading company but not to charities). The extent of the risk could be reduced through early market engagement sessions or inviting expressions of interest but if challenge is sufficient in these processes, BCC would need to run a procurement exercise.
- Public Contract Regulations were updated in 2015 and to include principles for a “light touch regime” for certain services under certain conditions. This means that competitive tender for a contract for library services could be limited to organisations which meet specific mutual or social enterprise criteria. The length of contract to be 3 years.
- The county council can run a full procurement exercise (this may result in Option 3 overriding any preference for Option 2). The length of contract to be negotiated.

Information Management

- All relevant data is transferred from BCC to the new organisation including staff/HR information and the customer database.

Governance and Democratic Accountability

- Elected members retain statutory responsibility for libraries.
- The organisation is led and managed by employees of the new organisation and, depending on the governance model, may be supported by a Board or other governance structure. It will be accountable to BCC through a commissioner-provider contractual relationship, BCC retaining an ‘intelligent client’ resource to manage this.
- An independent spin-out could include a limited number of elected member and/or council officer representation on the board of directors/trustees, depending on the organisational type.
- Beyond delivery against the Council's contract, the organisation has freedom to develop other areas of business. If the new organisation is established as a social enterprise or charity, this has the potential to increase the social value of the library service.
- As well as the terms specified in BCC's contract, an independent spin-out will be regulated by the FSA, Companies House, the Charity Commission, and/or another body.

Timescales and Achievability

- Based on the experiences of other authorities, services could transfer to a new independent organisation by April 2017. There would be a cost to set up the organisation including new systems if the organisation chooses not to buy back BCC's in-house provision or modification to existing systems. There would also be procurement costs if it was deemed necessary for the new organisation to compete for the BCC library services contract (see procurement features, above).

4.2.2 SWOT analysis

<p>Strengths</p> <ul style="list-style-type: none"> • An organisation with charitable status benefits from up to 80% reduction in NNDR (business rates) Charitable status could also lead to more favourable contract terms with suppliers • An independent libraries spin-out can be staff or community owned, which has been demonstrated in other cases to lead to increased staff motivation and productivity and community involvement. • Some spin-out models can facilitate a direct community voice in the governance of the organisation, e.g. mutual or co-operative societies. BCC can select the most desirable model. • The spin-out model can be constituted to work specifically for community benefit, such as a social enterprise or community interest company. BCC can select the most desirable model. • An independent spin-out will be a smaller organisation and can operate without the layers of bureaucracy that slow down larger organisations like BCC. It would therefore respond more quickly to opportunities. • BCC manages a single relationship – with the spun-out organisation – whilst the new organisation has the flexibility to structure itself to manage different community relationships in different ways. • As a not-for-profit organisation, and particularly as a charity, independence from the public sector provides access to new funding sources such as grants, donations, trust-funding 	<p>Weaknesses</p> <ul style="list-style-type: none"> • There will be governance costs for a new organisation (e.g. contract management, trustee expenses) and for BCC (e.g. intelligent client – the cost of which will depend on how much strategic development is retained in-house). • Model sometimes described as occupying a ‘crowded market’ • An independent spin-out organisation will need to recruit new skills from the outset in order to operate in a more enterprising and business-like way than the in-house library service • The new organisation would be taking on a high degree of financial risk with a high number of employees, pensions and, potentially, assets. Consideration would need to be given to any redundancy and pension strain costs in the early years of the contract
<p>Opportunities</p> <ul style="list-style-type: none"> • The new organisation has the potential to develop new services and to deliver other BCC and non-BCC services through contracts. It may also be able to provide additional investment into the library service from other profitable activity and can position so as to more effectively deliver services on behalf of other local authorities • A spin-out organisation can operate without the layers of bureaucracy that can slow down a large local authority and, with a more commercial focus, is likely to have greater agility for creative thinking and service innovation. 	<p>Threats</p> <ul style="list-style-type: none"> • Negotiations around property, assets, corporate support, corporate contracts and the extraction of commensurate budgets will be complex and may affect the extent to which the benefits can be delivered. • The service could be susceptible to commercial risks (e.g. competitors, mergers, take-overs, bankruptcy, etc.) and will not be protected from further cuts to public funding (potential impact on contract price) and changes in government finance. • Taking the library service out of council control to be managed and run by a new

<ul style="list-style-type: none"> • Increased community engagement through the right governance model could increase support with fundraising and in-kind. A spin-out organisation will recruit a board of trustees/non-executive directors, providing the opportunity to bring new experience, insight and skills to the organisation as required. • The smaller size of an independent spin-out organisation could generate substantial savings from the procurement of back office services fit for their scale and purpose • An independent libraries spin-out has a more concentrated focus, which could lead to improved engagement with customers, communities and partners 	<p>organisation will need to be done in such a way that strong social and community values are at the core of the organisation and risk to the service's ethos, reputation and credibility is minimised.</p> <ul style="list-style-type: none"> • Investment in delivering change and establishing new areas of work may be limited initially, until reserves and a credit history are established. • Procurement issues
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4.2.3 Summary from Evaluation Panel

The Spin out option scores significantly highest on opportunity and sits between the other 2 options on risk. It delivers the most advantages in terms of community governance, and the best opportunities for developing internal and external partnerships. As a charity, it would attract tax advantages which would significantly reduce costs and, open up new channels of funding not available to local authorities. The financial modelling suggests this option is most likely to achieve the savings targets, whilst delivering a sustainable service for the long term. The higher level of staff engagement with a spin out would benefit the quality of the service both in terms of commitment and retention.

The higher levels of risk are associated with an unfamiliar model, and at this stage the scale of the costs of implementation. This model offers the most scope for innovation and for tailoring services to the needs of local communities. A spin out would certainly be a viable option and one where the County Council could demonstrate genuine commitment to its aspiration for local governance.

See Appendix B Evaluation Scorecard

4.3 OPTION 3: Outsource.

The library service is outsourced by Buckinghamshire County Council to the market.

The County Council outsources the running of the library service to an existing external organisation of some kind, as the result of a competitive tender. The service is run via a commissioning contract from BCC. The winning bidder is likely to operate in other business areas, be for profit or not-for-profit, and may or may not be a charity. The service has the freedom to generate income in different ways.

Cases of outsourcing libraries on the open market are few. Although a number of authorities have explored the option, those that have opted for this route tend to be London boroughs: Hounslow, Croydon, Harrow and Ealing (all run by Carillion) and Wandsworth and Greenwich (run by Greenwich Leisure Limited [GLL]). Carillion is a large corporation which

operates across public service areas and GLL is a trust originally set up in 1993 by Greenwich Borough Council to run its leisure services and later its library services. Although there are now a few other independent trusts/charities that have been set up by councils to run leisure and/or library services, there is very little to suggest that they are looking to expand their operations outside their own geographical areas. GLL is the exception.

4.3.1 Characteristics

HR Features

- All existing libraries staff transfer to the commissioned organisation under TUPE
- Centralised back-office services would most likely be provided to the commissioned organisation either by external suppliers or in-house by the organisation, rather than by BCC.
- Potential harmonisation of Buckinghamshire Libraries service-specific functions with other existing functions of the organisation.
- New employees may be employed on new terms and conditions.

Pensions

- Responsibility for pensions provision moves to the commissioned organisation, including assets and future liabilities. It could apply for admitted status to the Local Government Pension Scheme, as either a transferee or community body.
- The conditions of transfer for TUPE'd staff depends on the form of the new organisation (transferee or community body) and contract but staff affected would retain their existing LGPS pension.
- TUPE'd staff who had opted out of the LGPS would be automatically enrolled in the LGPS on transfer (with the option to opt out again).
- New staff must be offered enrolment in a pension scheme which is unlikely to be the LGPS.

Assets and Property

- BCC would continue to look to reduce its estate in line with the corporate strategy, which is likely to include some libraries sharing premises with other services
- BCC would need to decide whether responsibility and ownership of property and other assets remained with BCC or were transferred to the service provider. Transfer of assets into an asset lock would restrict the use of assets for similar (charitable) objectives. BCC would be unlikely to transfer assets to an organisation that was not asset locked or of charitable status.

Legal Features

- The Council retains the statutory responsibility for libraries and commissions the provider to deliver that responsibility plus any other required outputs or outcomes. It would be subject to a legal contract between BCC and the new organisation.

Financial Features

- If set up as a charitable organisation, the service would be eligible for up to 80% relief on National Non-Domestic Rates (NNDR/business rates). The exact proportion of relief would depend on the proportion of property usage for charitable objectives.

- Being outside of local authority control would allow the organisation greater flexibility in generating income.
- A for-profit company would be required to pay corporation tax.
- The organisation would be subject to non-recoverable VAT but mitigating this would be the contract between BCC and the body which would be a taxable supply.

Procurement Features

- European and UK Public Contract Regulations would apply to the tendering and award of the contract.
- The county council can run a full procurement exercise. The length of contract to be negotiated.
- Public Contract Regulations were updated in 2015 and to include principles for a “light touch regime” for certain services under certain conditions. This means that competitive tender for a contract for library services could be limited to organisations which meet specific mutual or social enterprise criteria. The length of contract to be 3 years.

Information Management

- All relevant data would be transferred from BCC to the new organisation including staff/HR information and customer database.
- Freedom to manage and develop own ICT services to meet organisation and service requirements.

Governance and Democratic Accountability

- The Council retains the statutory responsibility for libraries and commissions the provider to deliver that responsibility plus any other required outputs or outcomes.
- The provider would be accountable to BCC through a commissioner-provider contractual relationship, BCC retaining an ‘intelligent client’ resource to manage this.
- Beyond delivering against the Council's contract, the organisation has freedom to develop other areas of business. If the provider is a for-profit organisation, this has the potential to impact negatively on the social value and reputation of the library service. If it is a social enterprise or charity, social enterprise or charity, it may be able to increase the social value of the library service.
- The provider would be regulated by the frameworks of the FSA, Companies House, Charity Commission or other body.

Timescales: a procurement exercise could be completed by April 2017, possible outline timings as follows:

Jan-April 2016 – early market engagement

May-Oct 2016 – procurement process

Nov-Dec 2016 – contract award

Jan-March 2017 – mobilisation period

April 2017 – commissioned organisation begins to operate library service

Running the procurement exercise would generate expense, alongside the costs of transferring arrangements to the new provider. The new provider is likely to have some existing systems which can be used by the library service (e.g. payroll).

4.3.2 SWOT analysis

<p>Strengths</p> <ul style="list-style-type: none"> • The commissioned organisation would be responsible for all of its own overheads and an existing organisation is likely to have the track record and capacity to take this on with minimal risk. • An existing provider should have its own cash flow and thus be more resilient. • Harmonisation of library services with pre-existing aspects of the organisation's business would lead to a sustainable business model for the service. • It would be free to tailor, design and/or procure administrative systems that were independent from the local authority to suit business need. • A commissioned organisation would have more enterprising culture, and is more likely to have enterprising skills and capacities within their organisation (business development, fundraisers, etc.). • A commissioned organisation would have a board of trustees or directors, bringing diverse experience, insight and skills to the service. 	<p>Weaknesses</p> <ul style="list-style-type: none"> • An organisation coming from outside the local authority and/or public library field would need to build up trust with communities and customers around social and community benefit, market outsourcing being equated with privatisation of public services and the negative connotations of this. • Resistance of organisation to volunteer workforce • BCC would manage a single relationship – with the provider – and would lose the direct relationship with communities and partners.
<p>Opportunities</p> <ul style="list-style-type: none"> • The provider may be able to provide additional investment into the library service from other profitable activity. • Depending on whether the organisation operated for-profit or not-for-profit and whether it was a charity, the provider could access new funding sources such as grants, donations, trust-funding. An established organisation would have a proven track record that would enable it to apply from day 1. • A commissioned organisation is likely to be embedded in a private or third sector network which will help its capacity to access development opportunities. • If the commissioned organisation had charitable status, it could benefit from up to 80% reduction in NNDR (business rates) –Charitable status could also lead to more favourable contract terms with suppliers and support from communities. • A commissioned organisation may be able to operate without procedures that can slow down a large local authority and therefore be able to respond more quickly to opportunities. 	<p>Threats</p> <ul style="list-style-type: none"> • The possibility of outsourcing to the private sector could be perceived by the public and partners as putting the social, community and public benefit of libraries at risk and could lead to significant loss of confidence and trust in the service.

4.3.3 Summary from Evaluation Panel

The outsource option is the least attractive option. It has the highest risk and the lowest opportunity. Arguably, the greatest risk with this option is the potential incompatibility with our successful community library model and the development of enhanced community governance. The risk around the customer perception of the service is high - there is a perception amongst stakeholders that this option represents 'privatisation' of the service – something they find unpalatable. The efficiencies of this model are based around economies of scale, resulting in high risks around sufficient trained staff and levels of staff engagement.

See Appendix B for Scorecard

5 Recommendations

It is our recommendation that **Option 2, where the library service ‘spins out’ from Buckinghamshire County Council as an independent entity** is the most appropriate and cost effective way to deliver a high quality and sustainable library service in the future.

Options 1 and 2 are both considered as serious contenders for the future delivery of library services with the deciding factors being the limited savings opportunities and lack of sustainability of the re-modelled in-house version. With reducing funding for the service from BCC, the service needs to be innovative and exploit new sources of income and cost savings, which only a spin out could do. However, with the preferred option it must be recognised that the Council will have less flexibility going forward in terms of delivering future savings targets. The contract agreement or SLA will ideally require some facility for negotiation with the ADV on changes to the Offer.

Next steps

This options appraisal has assessed the likely ability of each model to deliver the service. It has not predicted future costs and benefits with complete certainty, and we recommend that the next stage is

- i) to work up a detailed business case exploring this option, taking into consideration the various organisational forms of ‘spin out’ including charitable trust, public service mutual etc.
- ii) to clarify implementation / investment costs, levels of savings to be realised and procurement options and implications
- iii) to ensure, in developing this business case, the full engagement of support services and an agreed evaluation of the costs of these in relation to the delivery vehicle
- iv) to begin, now, to develop a commissioning and contract management mechanism for a new delivery vehicle that ensures accountability, flexibility and responsiveness
- v) to undertake extensive public consultation on the preferred option

Appendix A Stakeholder engagement activity

Extensive stakeholder engagement took place to test what different stakeholder groups valued about the library service, and which particular characteristics and strengths of the current offering should be held on to. With our more informed stakeholders, some consideration was also given to the alternative delivery options, to gauge any significant support for, or opposition to, a particular model. The priorities and concerns of key stakeholders informed the criteria that the various options were evaluated against.

Meetings were convened with elected members, internal and external partners, community library partners, customers, staff and volunteers.

- **Elected Members**

All elected members were invited to a presentation on the future options for the library service on 15th September 2015.

- **Internal and External partners**

Phone conversations and / or emailed contact with 34 different partners have taken place. A spreadsheet of feedback is attached.

- **Community Library partners**

An invitation to meet and discuss and inform the options appraisal was extended to all nineteen community library partners. All but 2 have provided verbal or written comment.

Community Library	Phone call	Meeting	Written Response
Bourne End	Y	N	N
Burnham	N	09-Jun	Y
BVCL	N	13-Nov	Y
Castlefield	Y	N	N
Chalfont St. Giles	Y	26-Oct	Y
Chalfont St. Peter	N	04-Nov	Y
Farnham Common	N	21-Aug	N
Flackwell Heath	N	N	Y
Gerrards Cross	N	17-Aug	Y
Great Missenden	N	04-Nov	Y
Haddenham	N	08-Jul	Y
Iver Heath	N	N	Y
Little Chalfont	N	20-Oct	Y
Long Crendon	N	N	N
Stokenchurch	N	02-Nov	Y
Wendover	N	27-Oct	N
Winslow	Y	21-Jul	Y
Wing	N	20-Oct	Y
West Wycombe	N	N	N

- **Staff**

Staff engagement started at the staff conference in November 2014.

Three staff workshops have since taken place, in High Wycombe (5th October 2015), Amersham (7th October 2015) and Aylesbury (12th October 2015).

Staff engagement is ongoing as follows:

Future Libraries Bulletin - This bulletin is sent to all staff via individual emails at least once a month and more frequently when needed.

Libraries Ideas Bank Mailbox - A new mailbox lib-ideas@buckscc.gov.uk has been set up so that staff can directly ask questions, offer opinions and make suggestions.

Libraries Ideas Bank Group – A closed Yammer group. The advantage of Yammer is that staff can see and respond to comments by other staff, share views and post links to information that others might find of interest.

Monthly brunches - Monthly informal meetings at different libraries around the county.

- **Customers**

Discussions were held with 4 customer groups at Wendover and Beaconsfield libraries on 7th and 11th November 2015 to give some qualitative data around what are regarded by customers as priorities for the service.

- **Volunteers**

A focus group was held with BCC volunteers at Great Missenden library on 23rd November 2015 to obtain some qualitative data around what they felt were priorities for the future of the service.

APPENDIX B EVALUATIO SCORE CARD	Remodelled in-house		Spin Out		Buy	
	Risk	Opportunity	Risk	Opportunity	Risk	Opportunity
1 Will Bucks County Council be able to meet with this option its statutory obligations? Can a secure mechanism be established for the option to set up and maintain service standards?	1	5	1	5	1	5
2 Financial criteria:						
a. How much saving will be made?	1	1	2	5	1	5
b. What are the set-up/transition costs?	1	0	5	0	3	0
c. How likely is it that the modelled savings will be achieved or surpassed?	1	0	1	0	1	0
d. What is the potential for income generation?	0	1	0	5	0	1
3. To what extent does the option meet the Council's aspirations?						
a. Meeting customer expectations/needs: <ul style="list-style-type: none"> • What will be the customer perception of the service (particularly reputation of existing in-house service) 	1	3	3	5	5	1
<ul style="list-style-type: none"> • Will option allow for the current network to be maintained and expanded? 	1	1	1	1	1	1
<ul style="list-style-type: none"> • Will option maintain/improve libraries as a place to meet? Will libraries continue to be valued as a hub for the local community? 	1	0	1	0	3	0
<ul style="list-style-type: none"> • Will option continue to provide qualified/ trained staff in libraries? 	1	4	3	4	5	1

	Remodelled in-house		Spin Out		Buy	
	Risk	Opportunity	Risk	Opportunity	Risk	Opportunity
3b. Enhancing governance for this service – vision: stronger community governance: <ul style="list-style-type: none"> How will option deliver the Council’s aspiration for local governance? 	1	2	1	5	5	1
<ul style="list-style-type: none"> To what extent does the library service remain democratically accountable/has a democratic mandate? – to what extent does the model allow flexibility to change the offer/flex the ‘specification’/change the budget? 	1	0	3	0	5	0
c. Meeting Bucks County Council corporate priorities: is there an effective mechanism for the option to deliver on specific BCC priorities?	0	5	0	3	0	1
d. Scope for innovation: is the model more likely to foster innovation within the service? To consider: <ul style="list-style-type: none"> Staff engagement/ownership 	0	3	0	5	0	1
<ul style="list-style-type: none"> Capacity for flexible service expansion i.e. remodelling, alternative delivery models, community-based initiatives. 	1	3	1	5	1	1
<ul style="list-style-type: none"> Scope for mergers/delivery of other local authority library services or collaborative working 	1	1	1	5	1	2
<ul style="list-style-type: none"> Commissioned by council to generate efficiencies 	1	5	1	3	1	1
4. Sustainability and Risk test						
a. Will the new vehicle be sustainable? The library service has sufficient resource to sustain the county wide network of libraries and the governance arrangements are secure and include an appropriate level and range of expertise	5	1	3	5	3	1
b. What is the impact for the County Council if the business fails? Failure to deliver statutory duty or business solvency	0	0	5	0	5	0

	Remodelled in-house		Spin Out		Buy	
	Risk	Opportunity	Risk	Opportunity	Risk	Opportunity
4c. Risks related to the quality of delivery (service standards)	1	0	4	0	5	0
d. Risks related to possible lack of commercial and entrepreneurial skills required to make option work	3	2	5	5	1	3
5. Partnerships and community ownership						
a. Will the model strengthen partnership working between the library service and communities?	1	4	2	5	5	1
b. Can the option deliver a modern library service offer through successful partnership working, including internal and external partners	1	3	1	5	3	2
Totals	24	44	44	71	55	28