



Report to the Transport, Environment and Communities Select Committee

Title:	Future of the Library Service
Committee date:	Tuesday 1 March 2016
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Cabinet Member sign-off:	Councillor Martin Phillips

1 Purpose of Agenda Item

An options appraisal has been carried out to identify the most appropriate, cost effective and sustainable way to deliver the library service in the future. This report, updating on work undertaken to date, is for information. A summary of the Library Service Options Appraisal is attached as Appendix A.

2 Background

At committee on 8th April 2014 the Environment, Transport and Locality (ETL) committee received an overview of Buckinghamshire Library service.

Committee members were keen to understand the wider vision for library services and officers updated the committee with a report on the 18th November 2014.

Following the update, the committee requested to undertake some further exploratory and discursive work with the service area and Cabinet Member to help shape and influence the design and development of a clear vision, to consider proposals for delivery options and identify the next steps for developing the vision and next steps. An ETL select committee workshop took place on 29th January 2015.

Following the workshop, Members felt that the next opportunity to influence the future direction would be at the strategic options appraisal stage, and therefore requested that the draft options appraisal be shared with the committee for comment before being agreed.

3 Summary

The library service has generated efficiencies and savings of over £2,000,000 during the last five years, reducing the total library budget from £7million to £5million. The service has been bold in driving out cost 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 and will need to save at least £1 million by 2019. 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.

An options appraisal has been carried out to identify the most appropriate, cost effective and sustainable way to deliver the library service in the future.

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

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

A survey of the different models of delivery adopted nationally identified a number of potential options. A combination of research, analysis and discussion identified that of these there are three options that could potentially deliver the required benefits. The options are described below.

3.1 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).

3.2 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, such as a public service mutual or charitable trust.

3.3 Outsource

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 contractor has the freedom to generate income in different ways.

3.4 The options appraisal report describes how the three short listed options have been evaluated. Three levels of analysis were undertaken to inform the evaluation.

3.4.1 A SWOT analysis has been provided for each of the three models, with reference to how well each of the models 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.

3.4.2 A Best Value Test Comparative Table. Each option was evaluated and scored against an assessment criteria informed by the views and comments of a range of partners and stakeholders. These criteria were 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.

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

3.5 These options have been evaluated by an assessment panel consisting of;

Jane Bambridge – Policy and Strategy Advisor HQ

Adrian Isaacs – Finance Director CHASC

David Jones – Library Service Manager

Cllr David Martin

Ruth Page – Project Manager

3.6 Preferred Option

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

4 Key issues

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 financial modelling 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, when there is 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.. 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 decreased opportunity for 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.

5 Resource implications

The 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.

A detailed business case needs to be developed as described in Next steps

Significant MTP efficiencies for the Library Service are predicated on a move to an alternative delivery vehicle.

2017/18	2018/19	2019/20
£250,000	£375,000	£500,000

6 Next steps

A report summarising the outcome of the options appraisal will be submitted to the Cabinet Member for Community Engagement during March 2016. The report will seek approval to proceed with the following next steps.

- 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 deliver a comprehensive consultation exercise to include including users and non-users, elected members, internal and external partners.
- iv} to bring a report with the detailed business case and consultation findings to Cabinet in June.

If Cabinet approve the business case it would be possible to implement new delivery model by April 2017.