

CWOP/40/11

Policy & Scrutiny Committee Community and Older People

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Report by: Susan Carragher

Contact: Telephone: 01245 434105 x40105/E mail:
susan.carragher@essex.gov.uk

Update report on Libraries Target Operating Model – Progress on trading activity

Purpose of Report

To update the Committee on the progress made by the Library service in pursuing the aims of the Libraries Target Operating Model, that is to increase the trading activity of the service with external partners in order to make additional income.

General background

The Library service's trading activity plans were approved by the Outcomes Board initially in October 2010 and subsequently in March 2011. The Library service has established working plans and protocols for developing its trading in the period subsequently, whilst bidding for and securing one contract (Slough Borough Council – Libraries full outsourcing) which is now fully implemented. The projections for additional income from this contract are currently in line with expectations.

Current situation

The Library service is actively involved in the following areas (details of authorities or partners have been omitted where appropriate for the purposes of commercial confidentiality):

- Slough contract: This contract was awarded in September 2010, and was begun on 4th January 2011. It is for a minimum period of 5 years with a potential 3 years that can be added. The contract is with Essex CC Library service, with the delivery handed off to a local authority trading company called "Library Services (Slough) Ltd". This company vehicle contains the staff transferred under the TUPE regulations, and all the costs associated with delivering the public library service. There are regular monitoring meetings with the client, Slough Borough Council, and the feedback from them has been positive – an example is given in the attached SBC Cabinet report on the Library service of 19th September 2011 (see Appendix 1).
- Soft market testing: this is a process that local authorities are using to test and explore the possibilities in the emerging public library services market. This not just towards the end of preparing for a procurement process to outsource their own services, although it is that too, but also a means towards seeing if they can either develop their own trading capacity, or whether indeed it is suitable for them to undertake a procurement at all. In a number of cases this has been

done jointly by 2 or 3 councils together both to save cost and pool knowledge and skills. Essex Library service has been engaged in 2 such soft market testing exercises over the last 3 months, one of which has resulted in 2 authorities going to the market (see below), and the other of which is only now underway and the results of it are therefore not yet known.

- Procurement process: there are a number of ways to undertake procurement but the currently preferred way (by all authorities with whom we are involved, including Slough, which was a groundbreaker in the field) is under the OJEU rules (OJEU is the Official Journal of the EU which acts as the publishing point for contract procurement over a certain size) and is called “Competitive Dialogue”. Typically this involves a process of about 10-15 months in length between publication of the intention to actual start of the contract, which features strongly a strategic partnership approach necessitating a considerable amount of structured dialogue. The reasons why authorities use it is in particular because of the emerging shape of the market – new players are appearing, the type of offers are still being developed, and most exercises involve private sector and public sector tenderers, whilst third sector providers are now also entering the market – and the ability to shape a specification for service delivery which best meets their needs. At present, apart from the now operational Slough contract (in which Essex Library service was successful against a mix of private and public sector competition), Essex Library service are involved in 2 procurement processes, both Competitive Dialogues. These are (we are able to name since both have published their process, and one has named all the competing tenderers): Wokingham Borough Council (which began in July this year), and Croydon and Wandsworth Councils (who are conducting a joint exercise beginning in October 2011).
- Partners/possible Joint Ventures: Currently the service is in early discussions with a private sector company with a view to exploring the benefit of selective joint procurement approaches, in particular where councils are looking at outsourcing opportunities which are wider than libraries alone. The advantage to the company is that the service’s network of contacts and theirs are complementary and also that councils are still making up their minds as to how far to outsource. The advantage for the Library service is that conversely opportunities may arise that our contacts would not flag, and having the potential to draw on both the wider resources and significantly higher profile enables a greater capacity and range of bidding than otherwise possible.

Next steps

It is very likely that the public library services market will continue to expand; the speed at which it does so is much less easy to gauge. If it continues in a similar trend to that so far experienced, we will see another tranche of authorities indicating that they will come to the market in the early part of 2012, with those contracts being awarded in mid 2013.

Essex Library service has been able to manage the increase in capacity and skills needed so far and not impact on the provision of our own library service, but there is no doubt that further bidding and trading activity particularly if it is simultaneous will put added pressure on existing resources. A clear aim from the beginning has been to ensure that the service to the people of Essex is not disadvantaged by the trading activity set out in the Target Operating Model. As a temporary measure the service

will look to appoint a short-term contract for a Commercial Manager; but this in itself will not be sufficient to maintain potentially 2 or 3 more contracts in the forthcoming year should the service be successful. The service will as a consequence continue to explore avenues already begun under the TOM such as creating further trading capacity in an arms-length vehicle.

Appendix 1 – Slough Borough Council – Cabinet report on Library service – 19th September 2011

SLOUGH BOROUGH COUNCIL

AGENDA ITEM 6

REPORT TO: Cabinet **DATE:** 19th September 2011

CONTACT OFFICER: Andrew Stevens, Assistant Director, Culture and Skills
(For all enquiries) (07531) 875507

WARD(S): All

PORTFOLIO: Community and Leisure – Councillor S Chaudhry

PART I
KEY DECISION

LIBRARIES STRATEGY

1 Purpose of Report

- 1.1 This report updates Members on significant developments since 22 September 2009, when the five year libraries strategy was approved by Cabinet. It reviews key issues for the future development of the service and proposes priorities for the next stage of implementation of the strategy.

2 Recommendation(s)/Proposed Action

The Cabinet is requested to resolve:

- (a) That the service improvements achieved since 2009 be noted.
- (b) That the priorities for the next stage of implementation of the libraries strategy set out in section 6.4 of this report be agreed.

3 Community Strategy Priorities

- Celebrating Diversity, Enabling inclusion
- Adding years to Life and Life to years
- Being Safe, Feeling Safe
- Prosperity for All

Access to information and learning opportunities will contribute to the well-being of individuals and the community and employment. This will help realise the Sustainable Community vision and strategy for Slough.

4 Other Implications

4.1 Financial

As a result of the council's invest to save strategy agreed in 2009; the cost of libraries to local residents has been reduced by 25% in 2 years. The cost per visit in 2009 was £4.71. This year it is projected to be £3.62.

- 4.2 A report commissioned by Slough Borough Council from LG Futures in 2011 identified that in 2009/10 the cost of libraries was £22.26 per resident per year.

Using updated budget figures for 2010/11, that figure was reduced by 14% to £19.55 per resident and in 2011/12 is projected to have reduced a further 10% to £17.53 per resident.

- 4.3 This improvement has been achieved by reducing administrative costs, modernising practices at the same time as increasing investment in opening hours and opening three new satellite libraries while many authorities are closing libraries and reducing opening hours.
- 4.4 Section 6.4 of this report identifies a further 5% efficiency saving that can be achieved through the contract with Essex County Council, further reducing administrative costs without any adverse impact on customer services.
- 4.5 The service is currently forecasting to spend its 2011/12 budget allocation. Last year expenditure was lightly below the allocated budget.
- 4.6 Human Rights Act and Other Legal Implications
There are no immediate Human Rights Act or other legal implications arising from this report
- 4.7 Equalities Impact Assessment
An Equalities Impact Assessment is undertaken for significant service changes. There are no changes proposed in this report requiring a formal assessment at this stage.
- 4.8 Workforce
There are no workforce implications for staff of Slough Borough Council arising from this report.

5 Libraries strategic review, 2009

- 5.1 **Scope and purpose of the 2009 libraries strategy**
In April 2009 a strategic review of Slough's public library service was initiated with the express aim of setting out a clear direction for the service for the next 5 years and beyond. The review included comparison with similar authorities and detailed assessment from external experts from a leading library service with a track record for efficiency and excellence in customer outcomes. The review considered all available options and potential models to re-design services and proposed a plan for a 5 year improvement programme to transform the service.
- 5.2 **Key issues**
The review started with a vision for libraries that should be vibrant places, reaching out to communities, places where everyone can feel welcome and comfortable and have a strong sense of local identity and ownership. Its ambition was that local people would benefit from libraries acting as enablers of joined up services that can change and adapt quickly to meet changing needs. It was recognised that this was essentially a vision for community services that would be delivered with and through libraries and their partners.
- 5.3 Libraries link with schools and children's services, adult learning providers and community organisations and are a host to many, helping local people achieve more and be active members of their community. The vision was based on the experience of investment in Langley and Cippenham libraries, where more

flexible services and multi functional libraries were becoming community centres where local people could meet, find information, access My Council and learn together.

- 5.4 In 2009 the library service was assessed as being satisfactory. Opening hours were among the worst in the country, visits were average, and the cost per visit was very high at £4.71. High costs were partly because the service was too small to achieve any economies of scale and partly because it had complex and proportionately costly management overheads.
- 5.5 These elements together comprised a 5 year strategy which can be summarised as follows:
1. Improve customer experience (self service and more staff on the floor)
 2. Increase access through investment in opening hours (increased over 100%)
 3. Improve usage through the development of libraries as multi community hubs (museum, online learning, shared premises at Chalvey, Wexham, Colnbrook)
 4. Increase capacity and reduce management costs (more opening hours and lower staff costs)
 5. Improve performance management (more systematic understanding of community needs and prioritising services including community profiles)
 6. Modernise processes to improve efficiency (simpler stock management, self service etc that means more can be invested in customer benefits)
- 5.6 In order to improve the service and sustain that improvement the strategy emphasised the need to resolve leadership, cultural and capacity issues first before any other changes could deliver real benefit to the community. The catalyst for this would be a strategic partnership with another provider who could bring established expertise and economies of scale and leadership capability to drive the service forward and substantially improve performance and value for money. This resulted in the contract with Essex County Council which was in place for January 2011.
- 5.7 **Progress since 2009**
Progress since 2009 is summarised in the following table, with more detailed commentary on specific issues marked * below.

Modernise processes to improve efficiency	<ul style="list-style-type: none"> • Reduced IT costs with new computer system 2010 • Automated stock management system implemented 2010 • Improved discounts for stock purchase through Essex contracts save £10,000 a year 2011
Improve customer experience	<ul style="list-style-type: none"> • Self service issues/returns implemented 2010 • Increased visibility of staff with floor walking at all libraries • Extensive staff training to improve customer services (*5.11ff) • Essex's 24 hour enquiries service Answers Direct implemented 2011 • Access for users to more online resources 2011 • Increased public engagement, with more volunteers - including five times more summer

	reading scheme volunteers in 2011 <ul style="list-style-type: none"> • More bookshop style displays • More welcoming entrance at Central Library 2010 • Home Library service maintained at 2009 levels in 2010 and improved service planned for October 2011 (* 5.7ff)
Investment in opening hours	<ul style="list-style-type: none"> • Opening hours improved from 153.5 a week to 327.5 (113% increase) 2009 to 2011 • Mobile library closed to enable satellite libraries investment 2010
Develop libraries as multi functional community hubs	<ul style="list-style-type: none"> • Satellite library opened Chalvey July 2011 with Colnbrook and Wexham planned for autumn 2011 (* 5.10ff) • Investigating joint staffing arrangements with My Council at Britwell; My Council sessions planned at Colnbrook • Museum moved into Central Library, opening autumn 2011
Increase capacity and reduce management costs	<ul style="list-style-type: none"> • Library net costs reduced 15% 2009 to 2011 • Cost per visit reduced from £4.71 in 2008/9 to £3.62 in 2010/11 (24%) • Strategic partnership with Essex - Library Services (Slough) - from January 2011 • Administration and management costs reduced by £270,000 2009-2011 (* 5.12ff) • Improved support for events using Essex materials 2011
Improve performance management	<ul style="list-style-type: none"> • Book issues increased 1% 2010/11 (* 5.14ff) • Visits declined 4% 2010/11 (* 5.14ff) • Cippenham visits up 23% following extension • Community profiles established and improved targeting of activity to community needs 2011

5.8 Home library service

Following closure of the Mobile service in June 2010 the home library service has been delivered by Groundwork Thames Valley. From 1 October 2011 this service will be integrated into the mainstream library service. Volunteers will work from local libraries to deliver to local housebound residents; linking customers to their local library.

- 5.9 Customers will receive an improved service with a better book choice and a wider range of services including information and reader development. The service is currently recruiting volunteers and to increase users in 2012. From April 2012 the service will be promoted with a planned expansion of the service which will see an increased number of housebound users reached and the service extending to care homes. Volunteers will be supported and sustained through a combination of central and local library staff, building on the model used successfully for many years but involving more staff to make it more robust.

5.10 Multi functional libraries

Developments with community hubs at Chalvey, Colbrook and Wexham were considered at the Cabinet meeting in July 2011. In addition, work is well

advanced in delivering a new library at Britwell at the centre of a community hub with My Council, adult learning, community hall, meeting rooms, and the family contact service. This model was first begun in Langley and Cippenham where the libraries are venues and catalysts for community activities. Appendix A is an illustrative list of the range of programmes in libraries.

- 5.11 The museum has moved to the Central Library and will be open for business from September 2011. A launch is planned for 12 October which is being jointly organised with the library service. This is in readiness for the move to the Curve.
- 5.12 **Staff roles**
Library services were restructured at the end of March 2011, with staff appointed in post from 1st April. This had been identified as a priority in 2009 and would have been required to bring Slough libraries in line with current practice with or without the strategic partnership. The impact on staff was mitigated by a substantial number of vacant posts being held and some voluntary redundancy.
- 5.13 Further recruitment has taken place recently to appoint to vacant posts in Slough Central library to support the front line delivery of the service. The restructure has resulted in fewer managers and a more streamlined structure with clearer roles and responsibilities with the focus much more on frontline delivery. There are fewer specialist function posts, but this is offset by an increase in the number of staff with the skills to work in a number of specialist areas such as reference, children's or local studies. These new roles, and the increased emphasis on customer service, have been supported by substantial investment in staff training and development in 2010 and 2011.
- 5.14 **Issues and visits**
Investment in Cippenham, Britwell and Langley is producing good results as more people access a wider range of services, ranging from coffee mornings to play sessions to ICT classes. The fact that issues are increasing while visits are declining suggests that stock quality improvements and better display and promotion of stock is working and once people are in a library they are finding more that they want to borrow. This trend also reflects national evidence that during an economic downturn more people use libraries to borrow instead of buying books and to help prepare them for employment.
- 5.15 The benefits of a more flexible model of library provision that uses libraries as shared community spaces or hubs is beginning to be realised in community libraries and at Chalvey. The fall in total visits is due to the Central Library, where a longstanding decline is continuing in the first quarter of 2011/12. This in part reflects a national decline in visits but largely reflects lack of investment and the tired nature of services at the library. The trend is not significantly affected by the Thames Valley University moving from Slough.

5.16 **Libraries contract performance**

Improvements in 2011 through the contract with Essex to date include:

- Improved home library service for housebound users (from October 2011)
- 24 hours enquiries service currently available to staff and to the public in the autumn giving access to more information resources than ever before
- 5% (£10,000 pa) lower price of stock purchases through the Essex contract
- Increased range of online resources, enabling people for example to practice & study at home for the 'Life in the UK' citizenship test & driving theory test as well as more online materials through library subscriptions including Polish News Bulletin, the Guardian, Economist, India Times
- Improved stock display, marketing materials, including leaflets, posters
- Improved materials for events and activities, especially children's holiday activities
- Increased staff training in customer services
- Full achievement of savings target
- Opening of Chalvey satellite library with Colnbrook and Wexham in progress
- Over 50% take up of self-service by users

- 5.17 In addition, there has been an increase in partnership working, which is beginning to deliver a range of targeted events. These include working with Adult learning staff on providing classes for visually impaired customers and working with the museum, Wexham Court primary school and a community organisation to submit a Lottery bid for a joint project. Joint work has also been developed with the police on road safety and community surgeries.

6 **Development issues**

6.1 **Is the direction set in 2009 still relevant**

Many of the transformational changes proposed in the 2009 review have been implemented and are showing evidence they are producing benefits. The strategic partnership, satellite libraries and the invest to save strategy are close to completion. Others, including the Curve and the new Britwell library as part of a community hub are in progress but not yet completed.

- 6.2 The direction set for libraries in 2009 to move from a traditional book based model only and to add a greater flexibility through putting libraries at the heart of multi functional community hubs is still highly relevant. This approach is contributing to increased use at community libraries and is reducing costs, adding up to better value for money for the community and the Council.

- 6.3 Libraries have the flexibility to retain their core book based functions (and improved issues suggest this is still extremely important to users) and when required to shift the balance from books to ICT based resources, including e-books as demand changes. They are also able to make links with learning and culture more easily, reflecting how users don't use services in isolation from one another but want to be able to make their own connections to find the help and support they want.

6.4 **Key issues for the next 3 years of the strategy**

While implementation of the strategy is well underway, the following are proposed priorities for the next stage of its implementation:

Priority	Targets	Activities
Increase visits	<ul style="list-style-type: none"> 3 year increase 5% in visits by the end of the first year the Curve is implemented 	<ul style="list-style-type: none"> Improved marketing and promotion Maintain focus on stock quality Implement Curve Increase partnerships – museum, IT training, community groups, classes
Improve opening hours at Britwell and Central Library	<ul style="list-style-type: none"> 7 day opening for the Curve Britwell library and My Council opening hours aligned 	<ul style="list-style-type: none"> Identify opportunities to re-invest efficiencies in late night and Sunday opening at Curve Invest in extending Britwell opening hours in new site
Implement new libraries as part of community hubs	<ul style="list-style-type: none"> 3 new libraries fully integrated in community hubs by 2012/13 Libraries an effective access point for all first stop council and community enquiries by 2014 	<ul style="list-style-type: none"> Open Colnbrook, and Wexham 2011/12 Open new Britwell 2012/13 Increased community engagement and promotion of services at all library sites and hubs to increase use Develop Curve offer as a central cultural and community hub
Continue to reduce costs	<ul style="list-style-type: none"> Cost per visit below £3.00 5% cost reduction 2012/13 	<ul style="list-style-type: none"> Streamline processes inc. stock purchasing and supplier processing
Improve core ICT services	<ul style="list-style-type: none"> Reliability increased and flexibility for user demand 	<ul style="list-style-type: none"> Integration and standardisation of systems Make sure systems deliver full functionality

- 6.5 Many priorities for the next three years are focused on building on the structural and organisational changes and investments made since 2009 and delivering full value and benefit to residents across the borough. . The central element of this, and the one that will make the biggest impact on integrating libraries with other community services, is implementing the Curve. This will improve the customer offer and increase use of libraries to deliver the multi faceted community offer set out in the 2009 strategy,
- 6.6 The Central Library accounts for around 75% of all library visits and 50% of issues in Slough and is in continuing decline due to the condition of the building and its presentation being so out of tune with public expectations. Modern central libraries in other major towns, including High Wycombe, Norwich and Bournemouth are continuing to show the value of the convenience and depth and range of service that is only possible in a larger library. Centres such as the

Whitechapel Idea Store in Tower Hamlets or Winchester Discovery Centre show the added value and sustainability of a multi functional service of which a library is part.

7 Comments of Other Committees

- 7.1 This report has been shared with the Neighbourhoods and Community Services Scrutiny Panel on 15 September 2011.

8 Conclusion

- 8.1 The report highlights achievements since the libraries review in 2009. It identifies substantial progress has been made in making changes to how libraries operate and increasing their capacity and potential to improve and be integrated with other community based services.
- 8.2 Priorities for the next stage of the strategy include implementation of the Curve and driving forward modernisation of processes and improvements to customer services that will together see the vision set out in 2009 being realised.
- 8.3 The Cabinet is requested to resolve the priorities set out in section 6.4 of this report.

Appendices attached

Appendix A - Illustrative list of library activities

Background papers

Building a sustainable community: a strategic review of Slough's public library service, 2009.