

# Library Strategy - Delivery Model

**Cabinet**

**Date: 6<sup>th</sup> February 2019**

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Author:	Cabinet Member for Corporate and Customer Services Corporate Director Children Services
Wards:	All
Parishes Affected:	All

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## **1. Purpose and Reasons**

- 1.1 This report outlines the direction of travel for the delivery of core library services, following further investigation of the award route for a Public Service Mutual (PSM).
- 1.2 The report responds to Cabinet Decision minute dated 13<sup>th</sup> June 2018, that authorised officers to implement transition arrangements including the award route, for the Swindon Library and Information Service (SLIS) to become a PSM and to deliver the Swindon Library Strategy providing a comprehensive and efficient library service and to promote an increase in literacy and learning within communities.
- 1.3 The proposal contributes towards the Council's vision for Swindon, particularly: Priority Two: offer educational opportunities that lead to the right skills and the right jobs in the right places; Priority Three: ensure clean and safe streets and improve public spaces and local culture; Priority Four: Help people to help themselves while always protecting the most vulnerable children and adults.

## **2. Recommendations**

Cabinet is recommended to:

- 2.1 To authorise the Head of Libraries and Information Services, in consultation with the Cabinet Member for Corporate and Customer Services, the Head of Skills, Employment and Lifelong Learning and the Corporate Director Children Services:
  - 2.1.1 To deliver the Swindon Library and Information Service as a service delivered directly by Swindon Borough Council and not to implement transition arrangements for the Swindon Library and Information Service to become a PSM at this time.
  - 2.1.2 To set out arrangements for how specific elements of the Swindon Library Strategy, planned to be developed through the PSM will be delivered directly by the Council.

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## **3. Detail**

- 3.1 Following the development and agreement of the Swindon Library and Information Service Strategy, a Mission and Vision for the service was developed and is being used by the service moving forward and is incorporated into the business plan.
- 3.2 The SLIS Vision is to expand the horizons of our community, transforming lives and feeding imaginations and the SLIS Mission is to:
  - 3.2.1 Promote literacy and the love of reading.
  - 3.2.2 Support lifelong learning to help everyone develop the right skills for jobs and for life.
  - 3.2.3 Help people discover our past and value their heritage.
  - 3.2.4 Ensure libraries are safe, open, welcoming spaces for people to meet, learn, have fun and realise their potential.
  - 3.2.5 Provide trusted access to knowledge and information.
  - 3.2.6 Help people to help themselves to improve health and wellbeing.
  - 3.2.7 Give everyone the opportunity to participate in and enjoy cultural and literary experiences.
- 3.3 As part of the transition arrangements to prepare Swindon Library and Information Service for becoming a PSM, a Transition Board was set up to oversee its implementation and to provide advice to the Cabinet Member for Corporate and Customer Services and the Head of Library Services. Key officers including those from finance, HR, procurement, legal and property are represented on the Board.
- 3.4 The Transition Board reviewed the business plan and the options open to the Council and concluded that the service being delivered directly by the Council is the option presenting the least risk and ensures that the council can have direct control over ensuring that the SLIS Strategy is delivered with strong staff and community engagement. It also provides the significant opportunity to align services and contribute to a number of Council pledges, adding value to the Council's early and targeted intervention plans.
- 3.5 The Library and Information Service is currently a key contributor to a number of Council priorities and remaining in-house will ensure that these opportunities are maximised. For example, the National Literacy Trust 'Swindon Stories' project is fully integrated into the work of Children's Services to improve literacy across the

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town, the service has a key role in the development of Digital Skills and delivering job clubs to improve job search skills.

- 3.6 It was also recommended that officer time is best spent ensuring services are efficient, effective, have impact and meet resident needs rather than spending significant time addressing technical issues to move forward with a PSM.
- 3.7 The advantages of a PSM model included the financial benefits of reduced business rates (policy has since changed, reducing the benefit), access to charitable funding, ability to generate increased levels of traded income, strong staff and community engagement and social value, the development of meaningful strategic and operational relationships with a range of partners across the public, private and community sectors to deliver the library strategy effectively. The Board considered how these advantages could be delivered through an in-house model.
- 3.8 Strategic objectives sit behind each of the SLIS Mission statements and setting key performance indicators is a key element of moving the service forward. The approach to achieving this through an in-house model will be outlined in the business plan and will include:
  - 3.8.1 The appointment of a Commercial and Income Generation Manager who will focus on an income generation strategy for the service, develop ideas for generating new income and ways to increase established income so the service is able to be sustainable within the future agreed budget. This role will also support the further development of partnerships across all sectors.
  - 3.8.2 Effective staff engagement that directly influences the design and delivery of services will be achieved by identifying and engaging a group of staff who will work together to identify challenges and opportunities to shape ways of working effectively and efficiently and will contribute to the development of the service. In addition the SLIS Senior Management Team are planning monthly staff engagement sessions to ensure everyone is aware of the business plan and can contribute to it. Staff will have the opportunity to develop their skills and keep up to date with national and local initiatives.
  - 3.8.3 Effective community engagement that directly influences the design and delivery of services will be achieved by establishing a service wide Friends group that can contribute to service development. There is already an established Swindon and District History Network, led by SLIS Local Studies staff that contributes to service development in that specific area. In addition ongoing consultation/ engagement with Library users on specific services has already started so that services are tailored to their needs and continue to deliver the SBC priorities and pledges.

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- 3.8.4 Developing meaningful strategic and operational relationships with a range of partners from across the public and community sectors. The SLIS will develop a formal approach to enable it to build relationships and partnerships with local organisations, businesses and employers.
- 3.8.5 Setting key performance indicators that demonstrate the impact of the SLIS and how the service contributes to Council pledges and deliverables as well as contributing to nationally agreed Library universal offers.

## **Reviewing the technical issues outlined in the draft business plan to move forward with the PSM.**

- 3.9 The draft business plan outlines a number of technical issues that needed addressing for the PSM to move forward. The focus of the initial work of the Board was to outline the award route options.
- 3.10 The SLIS Transition Board met in June and September 2018. Following a full appraisal of the award route options and giving consideration to the resources required to move towards a PSM within the current Council financial context, the Board advised that it did not consider that it was the right time to move to a PSM model. The key reasons are as follows
  - 3.10.1 The award routes open to us do not guarantee that the staff led PSM will be successful and provide an award option which ensures an appropriate approach to specifying requirements and contract management.
  - 3.10.2 The rewards from any change are small and the risks high. In an uncertain and immature market, the least risky option is to continue in-house delivery.
  - 3.10.3 Moving to a PSM will take considerable resource from enabling services, senior managers and SLIS as well as funds for set up.
  - 3.10.4 The service has gone through some significant change with a lot of public interest. Creating stability and managing risk is key to delivering the SLIS Strategy and providing an efficient and effective service.
- 3.11 More detail on the work completed by the Board is outlined below. After further investigation of the award route options, receiving and reviewing external legal advice it became clear that the only way of legally implementing a staff led PSM, would be to carry out a full procurement exercise. Other routes have been discounted due to reasons of timing and legality. The full range of options that were considered by the Transitions Board were :
  - 3.11.1 Entering into a funding agreement with a property lease. If the Council was to pursue the option of a funding agreement with ancillary lease, the risk of a legal challenge and the prospects of such a challenge being successful, are

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significant. The funding agreement would also be drafted on the basis that there are no legally enforceable obligations or detailed specification which could result in the Council being placed in breach of its statutory duty.

- 3.11.2 Use of 'Teckal' exemption to enable a Direct Award to a Staff Led PSM. Possible State Aid implications if the Library Service undertake activity that is not considered ancillary to delivering a Library Service. Potential limitations to attracting external grant funding. In addition, the Council must control all of the shares in the 'Teckal' company and must exercise day-to-day control over the company's affairs, limiting the PSM model advantages.
- 3.11.3 Direct Award to Staff Led PSM via a services Contract. A direct award to the Council's PSM would be unlawful under the Public Contract Regulations (PCR) 2015 and therefore was dismissed as an option.
- 3.11.4 Joint Venture. This would require a Procurement exercise that would have to be open to the Market.
- 3.11.5 Partnership with an existing PSM. This would require a Procurement exercise that would have to be open to the Market.
- 3.11.6 Outsourcing. The option presenting the next lowest risk of challenge would be a fully compliant procurement exercise pursuant to the Public Contract Regulations (PCR) 2015 leading to the award of a services contract. There would be a detailed specification and remedies under the contract to ensure compliance with the statutory duty. However the time and costs incurred in setting up and preparing the PSM for tender should be considered, noting that this investment would not guarantee the PSM would be the successful tenderer
- 3.11.7 Outsourcing via 'Reserved' restricted tender (that is limited to qualifying organisations). Restricting the procurement to certain organisation types has the added disadvantage of PCR 2015 requiring the contract to be limited to a duration of not more than three years so would not be worthwhile pursuing due to the time constraints.
- 3.11.8 Remain In-house. Having reviewed the external legal advice received, it is clear that the option with the least risk of a successful legal challenge from third parties to the Council is for the Library and Information service to continue in-house but to continue to develop a more commercial approach to income generation and costs savings. The Council would still retain complete control over the service delivery and it would be able to ensure compliance with the statutory duty. A successful legal challenge would result in delays to the implementation of the chosen solution and result in additional costs.

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- 3.12 A full appraisal of Library Service PSM models in other areas of England was carried out and it was confirmed that there were no recent examples of direct award routes to achieve a staff led PSM. Recent examples include Dudley who went through a full tender process (with their libraries now managed by GLL), and Hertfordshire County Council are currently looking to spin out a Public Service Mutual to run their Library Service. Their intention is to undertake a Restricted Procurement Process under Schedule 3 of the Public Contracts Regulations 2015.
- 3.13 With a full procurement exercise there is no guarantee that a staff led PSM would be the successful bidder. There is provision for the procurement exercise to be restricted by type of organisation but this would not guarantee a staff led PSM being successful. This route would also lead to a second procurement process within 3 years that would be unrestricted. The advice from Mutual Ventures, who were appointed to assist the Council in preparing for a PSM, was that their expectation was that it would take up to 5 years for the staff to be ready to move to a PSM.
- 3.14 The development of a PSM would also prove resource hungry across many areas within SBC who would be required to support the Library and Information Service. From past experience this would require significant input from finance, legal, procurement, property and project management. All of these service areas are currently heavily involved in the Swindon Programme and the delivery of savings and efficiencies across the Council
- 4. Alternative Options**
- 4.1 The alternative options to the recommendation would be to implement a PSM model for delivery by April 2020 or in an extended timeline. The range of options to achieve this and the level of risk are outlined above.
- 5. Implications, Diversity Impact Assessment and Risk Management**
- Financial and Procurement Implications
- 5.1 The current budget for 2018/19 for the service is £1.323M, excluding the business rates. Savings proposals were included in the budget report presented to Cabinet in December 2018 for £117k in 2019/20 which will result in an operating cost of £1.206M. Potential capital requirements for replacing equipment to ensure Payment Card Industry compliance has been identified and a separate briefing paper is being prepared.
- 5.2 The procurement implications are set out in the body of the report.
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## Legal and Human Rights Implications

- 5.3 All legal and human rights considerations have been taken fully into account in compiling this report. The considerations of this report are compatible with convention rights.

## All Other Implications (including Staff, Sustainability, Health, Rural, Crime and Disorder)

- 5.4 A programme of communications will be developed to keep staff informed of the decision and the ongoing direction for the Service.

## Diversity Impact Assessment

- 5.5 A diversity Impact Assessment (DIA) has been completed for Swindon's Library Strategy. There is no change to the diversity and equalities requirements of the service. A DIA is therefore not required for the recommendation of this report.

## Risk Management

- 5.6 Staying in-house is the option with the least risk attached. Risk moving forward will be managed via the usual service risk management protocols.

## **6. Consultees**

- 6.1 The Director of Finance (Section 151 Officer) and Interim Director of Law (Monitoring Officer) are consulted in respect of all Cabinet reports.

## **7. Background Papers**

- 7.1 SLIS Strategy, vision and mission

## **8. Appendices**

- 8.1 None

## **9. Key Decision/Decision in Cabinet Work Programme and Forward Plan**

- 9.1 This is a Key Decision and is included in the Cabinet Work Programme and Forward Plan for February 2019.