

Libraries Strategy – Alternative Delivery Models

Cabinet

Date: 26 April 2017

Author:	Cabinet Member for Communities Head of Localities, Community Involvement and Volunteering
Wards:	All
Locality Affected:	All
Parishes Affected:	All

1. Purpose and Reasons

- 1.1 This report seeks approval to consult on the establishment a Public Services Mutual (PSM) organisation, established as a charity, to deliver Swindon's Library Strategy for promoting and increasing literacy and learning. It follows the Cabinet resolution in February 2017 to conduct an options appraisal to consider alternative delivery models for the Council's Library Service (Cabinet Minute 94, 2016/17 refers).
- 1.2 Approval of the recommendations of this report will initiate consultation on the preferred option to establish a Public Services Mutual, the development of a viable business plan and the development of appropriate contractual, governance and staffing arrangements that would be required to establish a PSM as the basis on which the core Library Services will be delivered.
- 1.3 The proposals contribute towards the Council's Vision for Swindon, and particularly: Priority Two: offer education opportunities that lead to the right skills and right jobs in the right places; Priority Three: ensure clean and safe streets and improve public spaces and local culture; and 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 Library Services, in consultation with the Cabinet Member for Communities, the Head of Localities, Community Involvement and Volunteering, the Corporate Director Resources & Transformation, the Director of Finance and the Director of Law and Democratic Services:
 - 2.1.1 to develop a viable business plan for the Public Service Mutual (hereafter referred to as PSM), that meets the financial framework for the service, and sets out appropriate arrangements for the treatment of assets, back office costs, charges for services to non-core community-led Library services and staff transfer and pension arrangements
 - 2.1.2 to consult with Library staff, Councillors, Friends of groups and supporters, and Library users about the intention to establish a PSM for the delivery of

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Library services, and the ownership and governance arrangements for the new organisation.

- 2.2 To authorise the Head of Localities, Community Involvement and Volunteering, in consultation with the Cabinet Member for Communities, the Corporate Director Resources and Transformation, and the Director of Law and Democratic Services:

- 2.2.1 to develop an appropriate governance, client and contractual model that would apply between the Council and a PSM for the delivery of the Library Strategy;
- 2.2.2 to bring back to a later meeting of Cabinet appropriate recommendations regarding the establishment of a PSM, subject to the outcomes of the consultation, the development of a viable business plan, and further legal and procurement advice.
- 2.2.3 to seek financial support from the Department of Culture, Media and Sport (DCMS) to meet the costs of professional advisers to support the development of the business plan for the PSM.
- 2.2.4 To draw down a sum of up to £30k from Libraries transitional funding to enable a joint funding arrangement to be established with DCMS to meet the costs of developing a viable business for the PSM.

3. Detail

- 3.1 Following the adoption of the Council's Libraries Strategy in December 2016 at its meeting of 8th February 2017 (Cabinet Minute 67, 2017/17 refers), Cabinet subsequently approved the conduct of an options appraisal to consider alternative delivery models for the Library service (Cabinet Minute 94, 2016/17 refers).
- 3.2 Mutual Ventures were appointed as external advisers to support this work, and since then, the Council was successful in securing grant funding from DCMS to meet the costs of the options appraisal.
- 3.3 Working with the Council Officer team, Mutual Ventures facilitated a series of workshops with members, officers and Libraries stakeholders to develop a set of criteria to test the various delivery models for the service. The criteria were applied to a set of longlisted delivery options for the service previously set out in the Cabinet report of 8th February 2017:
 - 3.3.1 In-house delivery, whereby the Council continues to run its Library services as at present
 - 3.3.2 A Local Authority Trading Company, wholly owned by the Council and managed at arms-length, with Library services delivered via contract

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- 3.3.3 A Public Service Mutual, whereby a new organisational entity is established that shares ownership of service between the Council, communities and staff, with services delivered via contract between the Council and the PSM.
- 3.3.4 Outsourcing delivery of Library Services, whereby interest is sought from other providers to deliver Library services on the Council's behalf under contract. This could include existing social enterprises, other local authorities or a for-profit provider.
- 3.3.5 Establishing a Joint Venture with an existing provider of Library Services.
- 3.4 The criteria developed by the various stakeholders are summarised as follows:
 - 3.4.1 Desirability - To what extent does each option provided the Council and core library service with the ability to achieve a range of strategic priorities?
 - 3.4.2 Viability - To what extent does each option provide the core library service with the ability to reduce dependence on Council income (e.g. the core contract) and promote the sustainability and resilience of the model?
 - 3.4.3 Feasibility - Can each option be established within the preferred timescales and within acceptable levels of cost?
- 3.5 A report summarising the results of the Options Appraisal is attached at Appendix 1, and page 8 of that report sets out in detail the criteria that were developed for the service, and the impact of applying these to the different delivery models that were considered.
- 3.6 Applying the criteria to the longlisted options has identified the establishment of a PSM that would seek to become a registered charity, with a direct award of a contract for the delivery of the Council's Library Services, as the preferred option for the future delivery of Swindon's Library Service, subject to legal and procurement advice. This delivery model provides the following advantages:
 - 3.6.1 to create a new identity for the service that attracts the participation and involvement of Libraries users, supporters, Friends of groups and volunteers to further literacy and learning in Swindon,
 - 3.6.2 to develop an ownership and governance structure for the PSM that includes staff, Friends of, Library users and community representation, so that service decisions represent the interests of key stakeholders,
 - 3.6.3 increased flexibility to develop products and services to support the delivery of the Libraries Strategy and generate and grow new sources of income and support from external partners,

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- 3.6.4 the ability for any surpluses generated by the PSM to be reinvested back into the further development of service, with decisions about this being made through the PSM's governance arrangements,
- 3.6.5 enables the PSM to establish back-office support arrangements that are geared to supporting the business plan for the service, and
- 3.6.6 offers the PSM to develop staffing arrangements and terms and conditions appropriate to the organisations goals.
- 3.7 Realising those benefits and opportunities will require a robust and realistic business plan and approval of the recommendations of this report will initiate the work to develop a viable business plan, which will determine such issues as how Library assets would be treated between the Council and the PSM, how the costs of back office services currently provided by the Council would be attributed, provisions relating to the reinvestment of any surpluses generated by the PSM, and the future staffing cost model.
- 3.8 As well as the viability of the business plan, securing the delivery of Library Services through the PSM will be subject to the agreement of an appropriate contract between the Council and the PSM.
- 3.9 The Mutual Ventures report also highlights the need to increase the commercial capabilities of the Swindon Libraries staff team. Experience of other authorities who have developed similar approaches for their Library Service is that commercial capability is built through the business planning phase, as the staff team develop the new service identity and growth plan, and develop the detailed business cases for income generation proposals. Specific staff development measures will be put in place through the business planning phase to take this forward.
- 3.10 Following the Options Appraisal, implementation of these new arrangements will typically take place in the following stages.

Business Planning

- 3.10.1 This is estimated to take 4-6 months, and will involve the development of business plan for the service, including the service growth plan, detailed plan for financial modelling and income generation, service operating model, staffing arrangements and implementation plan

Transition

- 3.10.2 This is estimated to take 3-6 months following the development of the business plan and involves the practicalities of asset transfer, novation or termination of services contracts, legal and contractual establishment of the PSM, establishing the governance arrangements, implementing staff transfer and pensions arrangements and service communications.

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Implementation and Go-Live

3.10.3 Following the business planning and transition stages, this is the date at which the new delivery model would be operative.

4. Alternative Options

- 4.1 The Council could choose not to adopt the recommendations to establish a PSM for its Library Service. This would limit the opportunity to pursue the benefits of this proposed delivery model as set out in paragraph 3.6 above.

5. Implications, Diversity Impact Assessment and Risk Management

Financial and Procurement Implications

- 5.1 The financial framework to 2020 for the Library Service was established by Cabinet at its meeting of 7th December 2016, which set out an ambition to reach a position by 2020 where the costs of the service are absorbed within an affordability limit of £1.1m. The PSM would be required to operate within that framework, and this delivery model offers additional opportunities to achieve the income targets established for the service in December 2016.
- 5.2 The detailed financial arrangements for the delivery of the Council's Library Service through a PSM will now be developed, as described in paragraph 3.7 above.
- 5.3 Consultation with DCMS has identified that the Council may seek grant funding from DCMS to support the establishment of a PSM, to cover the costs of legal and advisory services associated with developing the model. The grant funding opportunity is expected to be available in April 2017, and it is estimated that the next phases of work will incur set-up costs of between £70k - £100k. This report seeks approval for the allocation of up to £30k to establish a joint funding arrangement with DCMS to meet the costs of the next stages of this work.

Legal and Human Rights Implications

- 5.4 Legal advice has been received to the effect that the Borough Council could, if it considered it appropriate, enter into the grant of a lease of libraries premises, and/or an asset transfer agreement with a PSM which would fall outside the scope of the Procurement Contract Regulations 2015 and hence not required to be procured in accordance with those regulations, and be compatible with the Borough Council's statutory duty to provide a comprehensive libraries service.
- 5.5 Achieving this would require careful drafting of the relevant contracts and would carry a measure of residual legal risk. However, the advice received is that this could lawfully be done if the Borough Council regarded the benefits of adopting such an approach as justifying these disbenefits or risks. The Borough Council should also carefully consider whether effecting a transaction on this basis would

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actually provide it with the degree of control/comfort about effective delivery of the services that it considers necessary/appropriate.

- 5.6 Approval of the recommendations of this report will initiate consultation with Library staff, Councillors, Friends of groups and supporters, and Library users about the intention to establish a PSM for the delivery of Library services, and the ownership and governance arrangements for the new organisation.
- 5.7 All other legal and human rights considerations have been taken fully into account in compiling this report. It is considered that the recommendations of this report are compatible with Convention rights.

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

- 5.8 Establishing a PSM for the delivery of Library services would require the transfer of Library staff to the new organisation. TUPE would apply, and appropriate measures put in place regarding the PSM's approach to staff terms and conditions and pension arrangements. This report has been circulated to UNISON, and trade unions and staff will be consulted at the next stage.

Diversity Impact Assessment

- 5.9 A Diversity Impact Assessment (DIA) has been completed for Swindon's Libraries Strategy. Changing the delivery model for the service will not change the diversity and equalities requirements of the service, with Council and statutory equalities duties applying in full to the PSM. A Diversity Impact Assessment is not therefore not required for the recommendations of this report.

Risk Management

- 5.10 Every effort will be made to secure funding from DCMS to support the next stages there is a risk that this will not be made available, in which case alternative funding arrangements would need to be made.
- 5.11 Risks arising from the recommendations of this report will be managed through project governance arrangements that will be established to oversee the

6. Consultees

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

7. Background Papers

- 7.1 None

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8. Appendices

- 8.1 Appendix 1 – Swindon Library Service - Alternative Delivery Model Options Appraisal, Mutual Ventures Summary Report.

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 April 2017.