

Lambeth Libraries and Archives **Staff and Community Mutual**

December 2015

Lambeth Libraries and Archives Staff and Community Mutual

Summary

- Section 1, provides the context in which the staff and community mutual should be considered
- Section 2 explains how the mutual will be delivered and how it will optimise the use of available resources to deliver council priorities
 - It provides initial details as to how the business model will develop and transform the service to raise income
 - It addresses the form of governance and the timeline for spinning out
- Section 3 provides financial information and looks at income growth

The report explains why this model delivers to the cooperative principles of the council, with professional staff and local communities working together to deliver excellent services. The model proposed means that the core service would be maintained in every site and accessible to the local community, but they would also be able to access a wider network of specialist services across the borough. This has a huge advantage over creating generic community hubs or a set of healthy living centres, as it provides a wider range of targeted services.

Section 1 Overview and context

1.1 Background of Lambeth Libraries and Archives

In the late 1880s Lambeth residents voted in favour of the Free Library Act, when it was proposed that “The great extent, the extreme length, and even breadth and the very fantastic shape of the Parish, compel the establishment of District Libraries and Reading Rooms in different localities of the Parish, so that every person shall be within a few minutes’ walk of one of them...Ten ...should be established...so that every locality would be provided for at an average of about 28,000 people to each”. Following a successful vote, all ten libraries were established within 25 years, the majority from donations by philanthropists: Jemina Durning (Durning), Sir Henry Tate (South Lambeth, Brixton and Streatham), Frederick Nettlefold (West Norwood) William Minet (Minet Library and Archives), John Noble (Waterloo), Andrew Carnegie (Carnegie, Herne Hill).

Although the service has had some alterations over the last 125 years, their legacy lives on with fundamentally the same network, which has survived wars and economic depressions. The population has increased slightly in the borough from Victorian times when it was around 285,000 to now over 318,000, which means each library now serves a slightly larger community. Lambeth still has 10 Public Libraries, an Archives and Local Studies Library, and a Home Library Service for housebound residents. Initially two libraries were jointly funded, but now only Upper Norwood Library is joint-funded by the London Borough of Croydon. The Libraries and Archives Service is also contracted to deliver a library service at HMP Brixton. Recently, there have been two trial satellite collections set up at The Railway in Streatham Vale and the Scout Hut in Tulse Hill. The Library and Archive Service is provided in-house, employing 82.5 (fte) staff currently (establishment 91.61fte), supported during the year by over 250 volunteers. Three of the libraries are open seven days a week. The service had over 1.37 million visitors in 2014-15 and has 78,000 registered members.

For several years, the service has had no Head of Service in post for any length of time. This lack of continuity has had a negative impact on service development, community engagement and staff morale. Although there has recently been greater stability, with an interim Head of Service from Red Quadrant followed by a permanent appointment, the frequent preceding changes have affected perceptions of the service within the wider organisation: there has been minimal recognition of its ability to deliver cost effective outcomes for the citizens of Lambeth. Decisions about the future development of the service have therefore been taken without the benefit of professional input from those running the service. The proposal for a Community and Staff Mutual provides Lambeth with an opportunity to have an innovative library service that delivers improved outcomes over a full range of priorities and financial stability in the long-term.

1.2 Financial position

Local government is facing unprecedented and ongoing cuts to government grants. For the Library and Archive Service the current revenue budget is £3,796,000 plus £89,000 uplift for the last pay award. This follows a budget reduction of £870,000 between 2012 and 2015 and a loss of 17.92 fte posts. The Culture 2020 consultation proposed that the Libraries and Archives budget be reduced to £2,996,000 (prior to the pay award

uplift) from April 2016. The cabinet on 12 October 2015 voted on the following financial structure for the next two years:

Revenue budget

Projected Revenue Budget:	2016-17	2017-18	Proposed Funding
Priority 1: Safe and Interesting spaces			
Provision of 5 town centre libraries at Brixton, Durning, West Norwood, Streatham and Clapham.	£2.137m	£2.137m	Lambeth Council revenue
Provision of 5 neighbourhood libraries at Waterloo, Minet, Tate South Lambeth, Carnegie and Upper Norwood.	£100,000	£100,000	Lambeth Council revenue
Home delivery and stock management systems.	£1m	£1m	Lambeth Council revenue
Total revenue costs for priority 1: Safe and Interesting Spaces	£3.237m	£3.237m	
Priority 5: Showing Off	2016-17	2017-18	Note
Black Cultural Archives	£180,000	Subject to negotiation	Lambeth Council revenue
Provision of Borough Archives	£190,000	£190,000	Lambeth Council revenue
Options appraisal Borough Archives	£35,000	N/A	Lambeth Council revenue (CIF)
Total revenue costs for priority 5: Showing Off	£405,000	£190,000	

The Library budget and the budget for the Borough Archives above together provide a revenue budget of £3,427,000 for the service per annum for two years, a budget reduction of £369,000 rather than £800,000. In 2018-19 the remaining £431,000 would be removed from the Library and Archives revenue budget. How this second phase of saving will be delivered is not detailed in the report.

The current budget for the Archives is £141,000. The premises' cost of the Minet and Archives building is £50,000. The Archives revenue of £190,000 as modelled in the report includes £49,000 and although it is not specified what the increase represents it is reasonable to assume it is for premises' cost or service delivery model. The Archives options appraisal being carried out in 2016 will identify the revenue needed for the different options it recommends.

The report also commits to further expenditure during 2016-18 from a community fund provided by Lambeth. The money will not go directly to the library service but forms Council expenditure to community groups to deliver elements of the service.

- £20,000 per annum Oasis volunteer literacy outreach programme
- £100,000 per annum Small grants to support literacy and the love of reading e.g. through parent and toddler groups

- £60,000 per annum Upper Norwood Joint Library Trust for managing the library building

Capital expenditure

The Cabinet report also provides the capital budget for the next two years, reprofiling some of the earlier allocations. The budget for the Libraries and Archives Service is provided as follows:

£45,000	refit of a temporary library space in the Oasis Centre
£1,000,000	council revenue resource (currently earmarked to support the provision of leisure services) to be used to convert 3 libraries into healthy living centres.
£1,000,000	of the GLL/Council shared Development Pot capital balance towards the fit out of the healthy living centres. There is an additional £1,000,000 investment from GLL listed in the report. Due to the high level of investment it is mentioned that there is a risk of exit costs under the leisure management contract if the council decides not to continue with the healthy living centres without mutual consent. In total £3,000,000 is listed for turning 3 libraries into healthy living centres.
£800,000	Improvements Durning Library
£3,000,000	£9,000,000 in total for West Norwood Library and cinema development (£6,000,000 Picturehouse (two sums of £3,000,000 listed in the report) and £3,000,000 Lambeth Council)
£160,000	Fit out of four neighbourhood libraries (not specified)
£100,000	Building improvements for Upper Norwood to prepare the building for handover to the trust, potentially match funded by Croydon.

A further £1,500,000 is being put into the Lambeth Community Fund which can be used by community groups, but not the local authority, for delivering services.

For 2016-17 a total of £3,607,000 revenue will be used via various streams to deliver the service which currently costs £3,796,000 and which on 1st April was proposed to be reduced to £2,996,000. These figures are subject to an £89,000 uplift for the recent pay award. This is an actual saving of £189,000 from the annual budget provided to deliver these services, rather than the £800,000 proposed in the consultation documents, although £180,000 of this spend are funds being allocated to community groups.

Capital expenditure of £6,105,000 is planned for the service over the next two years. No capital is profiled for Archives – either for improving its current location or a new

location. No capital expenditure is profiled for Brixton, Clapham and Streatham Libraries although it is likely that this will be required over the next two years.

1.3 Priorities for Lambeth citizens

The borough of Lambeth is the sixth most densely populated authority in England and its population is set to rise further with the development in the north of the borough. The deprivation data in the 2010 Index of Multiple Deprivation (IMD) ranked Lambeth as the 8th most deprived borough in London and 14th most deprived in England. Figures released at the end of 2015 showed that Lambeth still ranked 8th out of the 33 London authorities, but nationally it has moved down to 22nd on the IMD index. The Culture 2020 report focuses significantly on issues around health, but the following table shows that there are other areas of more serious deprivation. Lambeth is the most deprived authority in England with regard to the impact of crime. Income levels for Lambeth residents also have very serious effects on some of the most vulnerable residents, with significant numbers of older people and younger children living in poverty. Poor living environments and barriers to housing are also some of the worst in England. When mapped against the 152 upper-tier local authorities in England (county councils, London boroughs, unitary authorities and metropolitan districts) this table shows Lambeth's key areas of deprivation (where 1 is the most and 152 the least deprived).

Crime - Rank of average rank	1	Crime - Rank of average score	1	Crime - Rank of proportion of LSOAs in most deprived 10% nationally	1		
Income Deprivation Affecting Older People (IDAOPI) - Rank of average rank	6	Income Deprivation Affecting Older People (IDAOPI) - Rank of average score	7	Income Deprivation Affecting Older People (IDAOPI) - Rank of proportion of LSOAs in most deprived 10% nationally	10		
Living Environment - Rank of average rank	9	Living Environment - Rank of average score	9	Living Environment - Rank of proportion of LSOAs in most deprived 10% nationally	10		
Income Deprivation Affecting Children Index (IDACI) - Rank of average rank	8	Income Deprivation Affecting Children Index (IDACI) - Rank of average score	16	Income Deprivation Affecting Children Index (IDACI) - Rank of proportion of LSOAs in most deprived 10% nationally	26		
Barriers to Housing and Services - Rank of average rank	22	Barriers to Housing and Services - Rank of average score	22	Barriers to Housing and Services - Rank of proportion of LSOAs in most deprived 10% nationally	21		
Income - Rank of average rank	25	Income - Rank of average score	38	Income - Rank of proportion of LSOAs in most deprived 10% nationally	77	Income - Rank of scale	42

Health Deprivation and Disability - Rank of average rank	66	Health Deprivation and Disability - Rank of average score	69	Health Deprivation and Disability - Rank of proportion of LSOAs in most deprived 10% nationally	80		
Employment - Rank of average rank	65	Employment - Rank of average score	73	Employment - Rank of proportion of LSOAs in most deprived 10% nationally	93	Employment - Rank of scale	46
Education, Skills and Training - Rank of average rank	130	Education, Skills and Training - Rank of average score	136	Education, Skills and Training - Rank of proportion of LSOAs in most deprived 10% nationally	123		

<https://www.gov.uk/government/statistics/english-indices-of-deprivation-2015>

Health deprivation and disability are only a little below average compared to the rest of England. However, the Lambeth Joint Strategic Needs Assessment <http://www.lambeth.gov.uk/social-support-and-health/public-health/lambeths-health-profile-and-the-jsna#health-summaries-and-factsheets> identifies key areas of concern around health for Lambeth residents. Local priorities in Lambeth include mental and emotional wellbeing, preventing long-term conditions through reducing risk (smoking, alcohol, diet and physical activity), HIV and sexual health, and early intervention in children and young people. The GLA report, *London ward wellbeing scores, 2013 edition* shows that all except two wards in Lambeth have wellbeing scores below the England and Wales average. Low wellbeing is known to be directly linked to poor housing, poverty, discrimination, lack of physical activity, lack of good employment, lack of social inclusion, social skills, healthy lifestyles, services and support for vulnerable residents and community safety. The planned reduction in the library service will have an impact on the Council's support in these areas.

Another main priority with reduced council budgets is the need for more council services to be accessed online. It has therefore become increasingly important for citizens to have the ability and means to do that.

Contributing towards meeting these priorities should be a key aspect of any delivery of a library and archives service in Lambeth.

1.4 Current performance of the service

In the last two years the Library and Archives Services have shown significant improvement despite relatively low levels of resources. Library membership in the last eighteen months has increased to the highest it has been for over 10 years. Issues and visits also continue to rise, bucking the national trend. The CIPFA figures for 2014-15 were released in December 2015 and provide the following performance data:

Lambeth ranks in England, Scotland and Wales

- 12th for having the lowest number of libraries per resident population
- 14th (joint) for the most expensive for corporate recharges

- 25th for number of volunteer hours

Compared with the 12 inner London boroughs (comparable for costs around staffing and overheads) Lambeth ranks

- 12th (bottom) for number of PCs (5) provided per 10,000 population (this is in spite of 12% more computers having been provided than in the previous year)
- 11th for expenditure per 1,000 population (once corporate recharges are removed)
- 11th for the number of staff per 1,000 population
- 2nd for number of volunteers and volunteer hours (previous year 10th, but two authorities did not report that year)
- 4th for book stock per 1000 population (previous year 12th)
- 7th for number of total books issues (10th for book issues per 1000 population). The previous year it was 10th and 12th respectively.

Despite the relatively poor provision of numbers of PCs and staff and a very low spend on the service, Lambeth Libraries direction of travel and rate of improvement was outstanding in the following areas:

- 1st nationally for the highest % increase in issues
- 5th nationally for the highest % increase in visitors
- Only two authorities in the whole country improved performance on the previous year in every main area of visits, book issues and active borrowers. These were Lambeth and Manchester.

Although these figures are for 2014-15, the 2015-16 figures show a similar level of increased use with to date a 5.5% increase in visits, 3.4% in issues and 24% in members. 4010 children took part in the 2015 Summer Reading Challenge (a 49% increase) and there was a 91% increase in the number of children who completed.

Archives' performance is also strong:

	Personal visitors	Attendees at learning events	Remote enquiries
Lambeth	1,426	1,528	1,804
Inner London total	20,688 (Westminster Archives accounts for 7,124 of these i.e. over a third)	15,026	31,728
Inner London average	2,069	1,503	1,670
all London total	29,883	70,144 (Barking and Dagenham account for 41,760 of this figure)	48,786
all London average	1,245	2,806	957

The Lambeth Archives figures are in line or better than the inner and all-London average once the Westminster and Barking and Dagenham figures, which are not typical, are removed. The event figures reflect the effect of some services operating in conjunction with a museum and/or having dedicated outreach/education officers

In the May 2015 Council Residents' survey, use of libraries was only second in popularity to use of parks. Libraries were the only service of the 23 listed where use had gone up.

The service has also received national recognition for its work in supporting access to those with visual impairment and dyslexia.

1.5 Changing roles of libraries and archives

Over recent decades the role of libraries has expanded through access to computers and free internet with the People's Network. The view that everything is free online and can be "Googled" nevertheless remains a common misconception, as is the view that e-books will be the end of hardcopy. Although growing numbers of people now have access to the internet from home (9 in 10 of Lambeth residents), skills in using the internet are very low (42.8% of 16-64 year olds in Lambeth only have entry level or below email skills, with 33.6% being only entry Level 1 or below and 44.1% have only entry level or below word processing skills <https://www.gov.uk/government/statistical-data-sets/2011-skills-for-life-survey-small-area-estimation-data>.) People also often have misplaced confidence in their ability to search successfully for information as evidenced by a wide range of research by CIBER, Department for Information Studies, UCL, London. Some of the most marginalised groups depend on their local library to access the internet, because they are unable to afford it at home.

The continuing role of libraries as a trusted and reliable source of information is also significant. There is a corresponding demand for libraries to provide skills in information literacy and digital skills. The DWP is working with the Society of Chief Librarians for example to use the resources that libraries have to support their work.

Although numbers of library users have fallen in the last seven years roughly in line with cuts to expenditure, more people still visit libraries annually than attend either football matches or the cinema: libraries are still one of the main cultural activities in which people take part. Roly Keating, director of the British Library, said he was "shocked at how many "smart people" still questioned whether libraries were viable in the modern age. The institution had countless values worth defending, including trust." and he argued that libraries could prove the most "powerful and resilient network yet". "These values predated the internet," he said "And if we get it right may yet outlast it." *Daily Telegraph interview 25 May 2015*

William Sieghart, who was commissioned by the government to review public libraries, stated that a major concern is that: "socio-economic groups A and B don't visit libraries. But because they run the country and the media and much else, that means they think that libraries are a thing of the past. They think that now we have Kindles we don't need them, but they're wrong. The most hard to reach people in Britain visit libraries."

The DCMS's *Taking Part* report (17 December 2015) backs this up, showing that:

“Deprived areas:

- **Adults living in the most deprived areas visit the library more.** 36.8% of those living in the most deprived areas visit their library, compared to 31.5% in the least deprived.

Ethnicity and gender:

- **An increasing proportion of adults from black and minority ethnic (BME) groups used the library more than adults from white ethnic groups.** The latest statistics are 49.3% (BME groups) compared with 31.8% (white ethnic groups) - but the gap between ethnic groups is increasing. In 2005/06 there was a difference of 10.3 percentage points between the groups, this year the difference is 17.5 percentage points.
- **More women visited a library in the past twelve months than men,** 38.1% compared to 29.4%

Non-working adults:

- **More non-working adults visit libraries compared with working adults.** Up to September this year 37.8% of non-working adults visited a library compared with 31.3 per cent of adults who are working. Whilst the term “non-working” adults used in statistical data is not synonymous with the unemployed, it is a fair assumption that a proportion of those “non-working” adults will be the unemployed and account for some of the adults in this higher figure.
- These figures describe the situation in English libraries only and not for the whole UK but it is worth noting that (in the UK) the unemployment rate was 5.5% in April-June 2015 but unemployment rates amongst BME groups is higher -10.2% compared to 4.9% for white people .”

<http://www.cilip.org.uk/blog/who-uses-public-libraries>

This has significant implications for a borough like Lambeth, which as already described registers badly in key areas on any current index of deprivation and poverty.

For Archives, the National Archives report *Archives for the 21st Century* sets out the important areas for local authority archives to develop and provide. The records held by Archives are increasingly important as evidence and accountability for local democratic decisions. However there is an equally important role in providing a sense of place and belonging for local communities and an understanding of the different cultures. For Lambeth Archives there is a role in providing a local balance for those whose history in Lambeth is not covered by the work of the Black Cultural Archives.

1.6 Outline of current plans in Culture 2020

1.6.1 The Culture 2020 report approved by the Cabinet in October 2015 proposes five town centre libraries and much reduced provision without library staff in the remaining five neighbourhood libraries. Of these neighbourhood sites, three will be healthy living centres run by Greenwich Leisure Ltd (GLL), one will be in the Oasis Centre near Waterloo and The Upper Norwood Library building will be managed by The Upper Norwood Library Trust.

1.6.2 GLL are already contracted to manage Lambeth’s leisure centres and booking for sports facilities in parks until 2022. This contract is to be reviewed in 2016, rather than 2017 as originally planned. As a first stage, it was proposed that a Lambeth

Cultural Board was to be developed by January 2016 under the governance of Greenwich Leisure Ltd. Initial membership of the Lambeth Cultural Board will be drawn from Lambeth Council, Greenwich Leisure Limited and London Community Foundation, with additional members being sought from Lambeth health providers, Lambeth College and the Southbank Quarter. The board (and subsequently a Trust if constituted) will be leased three library buildings on a 25-year peppercorn rent with a break clause in 2022.

1.6.3 GLL has proposed the creation of a not-for-profit Lambeth Cultural Trust, which would be tasked with driving the Culture 2020 framework forward. GLL are offering a stepping stone approach towards the creation of such a trust, although this does not necessarily mean GLL would be the ultimate owner of the trust.

1.6.4 This trust would be a social enterprise with charitable registration and could potentially enable funds generated through the operation of the council's leisure facilities to be recycled to support further improvement in cultural services provided and supported by the trust. A Trust with charitable status might also be able to take advantage of tax exemptions and efficiencies not available to the council. However, the model involves financial risk and the report recommends that the council thinks carefully about the respective powers, responsibilities and financial accountabilities inherent in any of the arrangements proposed. During 2018-19 an options appraisal and business modelling exercise will be undertaken by the partners to assess the benefits and risks associated with establishing a wholly independent and not for profit Lambeth Cultural Trust.

1.6.5 A further options paper to consider the future for Lambeth Archives is recommended to be undertaken in 2016.

1.6.6 The proposal for a staff and community trust that was put forward in April 2015 during the consultation on the council's initial proposals was not objected to in principle. However, the October report states that the council does not favour this approach at present, on the grounds that although there is interest from the senior management team there is insufficient capacity to develop this model in time to deliver the necessary savings by April 2016. The report states that this model will also be considered in 2018-19 dependent on a 2-year improvement plan (not specified) being delivered.

1.6.7 Following the call-in of the Cabinet decisions on the report in October 2015, the Overview and Scrutiny committee recommended that the staff and community proposal should be reconsidered. The Cabinet accepted that recommendation and this feasibility study has been prepared in response.

1.7 Staff and community mutual proposal

1.7.1 The proposal for a staff and community mutual had its origins in the council's early cooperative aspirations. It was envisaged in 2011-12 that community groups would take over running of neighbourhood libraries. Significant levels of commissioning time and funding have been made available to support this ambition. Upper Norwood, which as a joint library authority has always had a slightly different form of governance, had a community group ready to take on the challenge. This was not the case elsewhere, because there were strong feelings that this statutory service should be provided by the local authority. The savings of £750,000 that had been based on the

assumption that “the community” would come forward to help deliver services instead were delivered by the Library and Archives Services’ management team streamlining practices and restructuring the service in 2014. Similarly, a further cut of £120,000, anticipated from the closure of Waterloo and the provision of a cost neutral alternative, was absorbed by efficiencies in the service.

1.7.2 When the new £800,000 tranche of cuts was proposed in the consultation document *Cultural Services by 2020*, it was hoped once again that local communities would be willing to come forward. That has mostly not happened and certainly not on the scale envisaged. At two libraries, Minet and Carnegie the Council is currently considering proposals from community groups, although the October Cabinet report recommended that these library buildings should be included in those to be handed over to GLL.

1.7.3 The commissioning team has worked hard to continue to provide a proposal for some sort of service in each of the ten locations and approached GLL and the Oasis, both of which have a successful track record in developing their business. These proposals have met with mixed reception, not least because there will be no library staff on hand to help customers, disadvantaging the most vulnerable, and there will be limited book stock provided in a much reduced space. The increased opening hours that this model has promised has therefore met with little, if any, approval. Publicly, both locally and nationally, the combining of gym and library facilities has been ridiculed. Furthermore the public have been bemused by the idea of more fitness stations in an area which the Council’s own strategy report has said is already adequately covered by such facilities.

1.7.4 During the consultation period, library staff considered putting forward a proposal for a staff and community mutual. An initial meeting with the Friends of Libraries found that they were broadly supportive of this proposal. Whereas they did not wish to take on the running of their local library, they were not against doing so as part of a larger organisation which involved library staff. A meeting was set up with all the library managers on 17th March and the mutuals staff from the government Cabinet Office came to discuss what spinning out would involve and answer their questions. On 27th March 2015, the Lambeth Cabinet Member, the Chair of the Friends of Lambeth Libraries, the Service Manager for Libraries and Archives and the Director for Education, Learning and Skills attended a conference at which Suffolk Library trust showed how they had successfully spun out their library service. The Head of Service also went to a seminar on mutuals run by the Arts Council England, which showcased the successful York Library and Archives model. Following this the proposal was submitted on 24th April 2015 as part of the consultation feedback.

1.7.5 While the consultation feedback was being considered, the library service succeeded in getting a place on the Mutual Success Programme run by the Cabinet Office. This four day course, run over a four week period in May, was attended by the Service Manager for Libraries and Archives, the Archives Manager and a Library Manager. It covered all aspects, such as legal and financial considerations, as well as longer term issues such as building a robust business model that did not rely on one income stream. This range of support provided a solid basis to develop the initial proposal should the Council wish to pursue it.

1.7.6 On the 12th October the response to the proposal was provided and the Service Manager was debriefed on why it had been rejected on 15th October. Following the recommendations of the Overview and Scrutiny Committee on 10th November, officers were asked to look at the staff and community proposal again and on 23rd November a week was given to consider if there was a desire for staff and community to pursue the proposal and if so to submit a feasibility study by 1st January. The parameters were laid out in the following email:

I would once again like to thank you for your proposal, which you submitted on the 24th April 2015 to run Lambeth's library service through a staff mutual model.

The Overview and Scrutiny Committee (10th November 2015) advised Cabinet that urgent work should be done to explore viable alternatives to deliver library services within the defined financial envelope. In particular further work needs to be done on working with the library service's management and staff on the proposed staff mutual as put forward by yourself to look at making your proposal viable within a practical time frame.

I am now writing to you to invite you to consider undertaking further work on the feasibility of your proposal

As you know, a series of decisions have now been taken by Cabinet and you will need to take the implications of all of these into account when you undertake further work on your proposal. The Culture 2020 plan provides the financial envelope. This includes provision for 5 town centre libraries and 5 neighbourhood library services. The town centre library buildings will remain under the management of the library service. The neighbourhood library service will be delivered in 5 buildings, which are not directly managed and in one case not owned by the Council. The officer assessment of your initial proposal identified a number of issues concerning the financial modelling within the available budget envelope, which will need to be addressed, namely:

- Rates relief 80%: £250,000*
- Endowment fund, for which the staff/community mutual would be eligible: £275,000*
- Proportion of £500,000 for delivery of health outcomes: £275,000.*

As I understand the regulations for business rate relief claims cannot be made in arrears and whilst you will need to investigate this further, if correct this will mean your proposal will need to be operational by 1st April 2016 to claim the full annual benefit. The library endowment fund is no longer going ahead given it required the disposal of Minet library and Waterloo library to generate the necessary capital. The income from the leisure management contract is already underpinning the Culture 2020 plan, including amongst other services, parks and open spaces. There are also other areas of expenditure and opportunity that will need to be considered and addressed within your feasibility study. These include:

- 1. Building management*
- 2. Provision and cost of pensions*
- 3. Additional income sources*
- 4. IT systems and maintenance*
- 5. Human Resources*

*...submit to me a further detailed feasibility of your proposal by the **1st January 2016**, which sets out the viability of your proposal within the financial envelope and policy framework agreed within the Culture 2020 plan.*

1.7.7 The offer was accepted on 30th November, although there were elements of the email that needed further information, namely:

- The proposal was not for a staff mutual but for a staff and community model
- The email suggests that the trust would have the buildings of the five town centre libraries at its disposal to generate income. However, West Norwood Library is currently in rented space and when it returns to the main site it is likely to be as a sublet to the cinema and therefore the mutual would not have management of the building.
- It states that the buildings of the neighbourhood libraries will not directly managed by the Council, suggesting that these would not be available for the trust, but recent emails would suggest that offers from community groups are still being considered, in which case it would seem only right that these building should be available for a staff and community proposal.
- As detailed above the Culture 2020 plan has a complex financial structure which does not remove £800,000 fully until 2018. It seems reasonable therefore that similar support is available if the mutual proposal can provide the long-term savings required.
- The endowment fund: although this is not available in full, the initial investment of £1.5 million from Lambeth will release some monies for literacy projects that a trust would be eligible for. Moreover, a less radical and less expensive change of the three libraries buildings (rather than turning them into healthy living centres) would release more capital for this fund.

Taking into account these points the staff community proposal is explored in Section2.

Section 2 Staff and community mutual proposal

Our vision is to create a sustainable and affordable network of libraries and an Archives service based in the heart of local communities, co-designed, co-produced and co-delivered to tackle inequalities and to provide real change and wider opportunities for the people of Lambeth so they can succeed in their lives.

1. A true cooperative model

The staff and community proposal matches the Council's aspirations for the community to take greater responsibility for local services and its earlier cooperative approach. However, by involving the staff it brings together expertise in delivering the service and joins it with a wide range of skills within the community. Communities unwilling to take over their local library are instead brought together into a wider organisation with professional support. Communities are not divided and set against each other for sparse resources, but stand together supportively, breaking down social barriers, sharing skills and providing economies by pooling resources.

2. Governance

There are now several examples of successful spin outs from local authorities. Of these, the form adopted by York Library and Archives has proved successful for a similar type of service and it is therefore proposed that the model for the mutual would be on the same lines: a Community Benefit Society with the rules to be based on the standard model, (see Appendix 1). Exempt charitable status would be sought. Society membership with voting rights will be open to everyone over 16, who lives, works or studies in Lambeth or is a library member. Each member will have a single vote based on the issue of a single share valued at £1. As those under 16 are not legally eligible to be members Youth Advisory Panels will be formed so the views and needs of younger residents are represented. The Council will remain the statutory authority with provision for the library service but the society will fulfil the Council's duty in this respect and the Council will monitor its performance through a framework to be agreed. It is proposed that the society will be jointly owned by staff (one-third) and community (two-thirds).

3. Expertise

3.1 Community

Lambeth is fortunate to have a wide variety and high level of skills within its local community and strong support for the library and archive service. These skills include people with professional and commercial experience, ones who can bring partners in to sponsor services, those people respected within their local communities and those who are able to guide the service to meet needs and help give everyone a voice. In the last

year over 250 volunteers (12,280 hours) have helped support the service. Apart from strong support from the Friends of Lambeth Libraries and organisations in the Library Compacts, the Libraries and Archives work with a wide range of partners, who have offered ongoing support.

3.2 Staff

During the last year, library and archives staff have extended their skills beyond the traditional roles of providing information and support in literacy and reading for pleasure and the core training around safeguarding, data protection and health and safety. Staff have now had broader training such as dementia awareness, Money Champions and Come Correct to support sexual health. The Development team have increasingly applied for and successfully got external funding for running events and programmes. The Archivists are experts in their field and work as consultants for other organisations. The Lambeth Library service is one of only two services in Great Britain that has improved performance in visits, membership and issues in the last year. The service is also within budget. Membership is at its highest for over 10 years and there is wide community engagement. The service has also won national recognition for its work with visually impaired people and those with dyslexia (DCMS and LGA case studies). The latter is delivered in partnership with a community organisation and will cease if the library becomes a healthy living centre.

The Cabinet report, Culture 2020, states that a mutual model will be considered “after the 2-year improvement plan has been delivered.” However, except where the service is poorly provisioned in terms of resources, the standards required have already been achieved. The service now continues to improve. It has passed the transformational stage and high performance is embedded. The proposal in Culture 2020 for smaller unstaffed libraries will in many areas make the standards unachievable and reduce the service again to the worst performing in inner London. For example under the Cipfa standards the unstaffed libraries do not count and thus reduce our service to only five libraries. This could result in reputational risk for the Council. The staff and community mutual will avoid this and will not only continue to drive up performance, but also provide Lambeth with an opportunity of becoming an example of best practice. The service now has strong leadership and very dedicated staff.

3.3 Support services and transition

3.3.1 There will be a need for legal support for the mutual during the transition period. It is hoped that the Council will provide some funding but if not external funding will be sought.

3.3.2 The service currently relies heavily on support services from HR including payroll, finance, IT and to a lesser degree facilities management support. However, it is also recognised that these may not be the cheapest options available to a trust and there are areas where savings can be made. Initially, the trust would look to continue to purchase these services from the Council, at the level of the current recharge values in the first year of operation. The Council

would provide the charges for these services in year 2 based on actual costs. The annual contribution from the Council to the Trust would be amended to reflect these changes and the Trust would test these prices against the market rates with other providers and in some instances might chose to develop in-house options.

4. Scope

4.1 The proposal in our April 2015 response to the original consultation was for all ten libraries and the archives to be part of the staff and community mutual. This model has numerous benefits :

- If too small there is less opportunity to deliver a full range of services and maximise income streams
- The service needs a strong network of staffed libraries to develop a business model that can move towards being more self-sustaining
- This is a staff and community proposal and the local communities are committed to their local services' survival
- This is in line with the original cooperative principles that looked for communities to take responsibility for local services
- It contributes more effectively to equalities across the borough
- The five town centre libraries have limited scope to make future savings for the Council if isolated from the others. Clapham is an expensive building to run (its building costs are roughly the same as all the 6 smaller libraries combined), Brixton and Streatham are at full capacity, (as is Clapham), West Norwood is proposed to be a sublet and the fifth library (although perhaps with potential for raising income) as a town centre library is far too small in size to deliver the level of service needed.
- Some of the neighbourhood libraries are in buildings which not only have the potential to develop wider services that can increase income, but also have rentable space.
- The Archives service is more closely aligned to the libraries than other parts of the Council and has the potential to be developed in similar ways
- The break-up of libraries into different groups and forms of delivery increases costs for the council in management and monitoring
- Procurement for a small group of libraries has no economies of scale and increases costs
- Some of the core central services for the whole borough are based in neighbourhood libraries and loss of this space at Minet and Carnegie will increase the cost of delivering the statutory library service.
- Self-service has huge limitations not only in disadvantaging those with disabilities but also around the reliability of technology for all users (such as the computers failing) so there remains a need for staff support.
- It addresses the unresolved equality issues that are a concern in the options that are otherwise being considered

4.2 Following the Overview and Scrutiny committee it was recommended to relook at the proposal in the light of the report decisions (see 1.7). It was proposed that the mutual should then be for just the five town centre libraries. For the reasons given it is unlikely that this could be viable in the long-term and have the ability to drive out savings for the Council. There is also little incentive to do this, as the Council has a statutory duty to provide these services anyway and the benefits of the mutual would be limited. Furthermore, as this is a staff and community model, the communities around the neighbourhood libraries would be isolated. The Council is being forced to reduce libraries because of budget cuts, but with a viable alternative to keep them open would clearly not choose to do so when usage is increasing and the service is already poorly resourced for Lambeth's large population. Moreover, negotiations are still continuing with community groups around two of the libraries proposed to be handed to GLL. It therefore seems reasonable for a broader model to be considered.

4.3 The Upper Norwood Trust is well advanced in negotiations and has a strong commitment to delivering a library service. They would be happy to work alongside a wider staff and community mutual. The Oasis Centre has generously provided temporary space and is looking to provide a permanent library with the Johanna School development. However, clearly a better service would be provided if both Upper Norwood and Waterloo were properly staffed. Any staff and community mutual would look to support these libraries with staff as the original staff and community proposal to provide ten libraries and an archive for Lambeth would have delivered this. The remaining eight libraries and archive buildings and service are proposed as part of the mutual. It is suggested that Waterloo should remain in its current site until the permanent library is provided in the Johanna School.

5. **Service**

5.1 **The core service**

There are agreed standards for the library service but the Archives service requires similar standards. A more detailed specification on which the services can be monitored will also be required. The new mutual would commit to increasing opening hours. Although not as high as the 70 hours a week proposed for the Healthy Living Centres, the actual offer would be of better quality and more targeted in delivering priorities.

5.2 **Business growth**

5.2.1 Business growth underpins the financial projections that support longer-term funding of the service.

5.2.2 Part of the growth is based on improved use of the building assets: improving access out of hours to paying groups; maximising use of space so spare non-public areas can be hired; partnering with other organisations so they can use libraries to reach their target audiences.

5.2.3 The other main development is about transforming how libraries and archives deliver services. The proposal for the staff and community mutual is based on transforming the core offer of the service and tailoring it to the priorities of local communities. This provides a longevity and quality of service which cannot be delivered by unstaffed libraries or the buildings being modelled around a gym facility.

5.2.4 Study space without staff to help or subscription resources on computers or a range of text books, will only support the most able student. Computers and books without support become inaccessible to the visually impaired and harder to use for those with dyslexia or low literacy. Libraries without dedicated staff become unsafe spaces and raise problems around safeguarding. They cannot, for example, be open for use by unsupervised young children.

5.2.5 Separating and diminishing the core elements of a library service cannot deliver council priorities and thus risk becoming a waste of scarce resources. The unique elements of books providing literacy, leisure and education; the skills of trained staff; free digital access with support and safe community space with study and cultural opportunities, when combined, create an asset much greater than the sum of its parts. This asset can provide huge opportunities for the Council. If it is developed further it can deliver even more benefits.

5.2.6 The proposal therefore is to create a new model that will put Lambeth at the forefront of innovation. Each library will be part of a network of supplementary services, which will be delivered on top of its core service. Staff will be trained with new skills to provide more in depth services. This will also support income generation. Staff and community will share and develop skills to deliver this. The model means that although the core service would be in every library and used by the local community, for those instances when citizens need to access more specialist information, advice and guidance or a specific activity (e.g. career advice) each library would have at least one specialism and citizens would have a wider network to rely on when they needed this support. This has a huge advantage over creating generic community hubs or a set of healthy living centres, as it provides a wider range of targeted services. It also delivers services within the heart of communities, not just in town centres.

5.2.7 The following are two examples of how these specialisms would work.

Employment and skills specialism: Although some degree of careers advice is accessible to students, school children and the unemployed, those already in employment have little or no support. Improving the career prospects of those in employment and raising their income levels addresses a main area of deprivation. The service already has a good collection of career resources as well as free internet and support. Staff at one location (ideally in an area with higher unemployment or people in low income jobs) would receive careers IAG training (information, advice and guidance) so that the library would become a careers resource centre. Work would continue with existing career partners, but the library would build a more in depth collection of books and software and have expert IAG trained staff available to help. Although one location would be the lead, it is envisaged that they would do some outreach sessions to other libraries in the network.

Fab Lab: To provide a Fab Lab that can be accessed by all Lambeth citizens, supporting a range of users: from schools that cannot afford to have their own Fab Lab to the small entrepreneur or start-ups. A Fab Lab provides a range of flexible computer controlled tools to help people make prototypes or produce items using a range of materials, for example 3D printers, laser cutters, sewing machines. Chattanooga Public Library's Fab Lab is a well-known successful example and Exeter Library set up the first one in a public library in England. Staff would be trained in supporting people using

the technology. The service would generate income. Partnerships and sponsorships would be sought to minimise set up costs.

Other areas of specialism would include the areas listed below. Many of these are already provided on a limited scale but there is scope to improve provision and increase income:

- Business information and support
- Arts centre
- Disability support
- Older people
- Dementia support
- Sexual Health
- IT online
- Technology help
- Heritage and family history
- Portuguese/Polish/ community languages
- Advice and benefits
- Education and learning (including support for MOOC students)
- Children's story and discovery centre
- Health and wellbeing
- Early Years and school readiness
- Teenage
- Schools Library Service
- Tourism

6. **Market**

6.1 For the business proposal there are two areas for market analysis: first, the market for the core service and its market penetration and second the market for the new services.

6.2 Section 1 of this paper provides some of the detail on current take up of the core service and areas of need for services. The mutual proposal will be able to deliver a good quality core service in a way that the current proposals being pursued will be unable to do.

6.3 There has been a strong improvement in take up of the core services and this is continuing to grow steadily. A CIPFA PLUS survey showed that library users broadly match the profile of Lambeth residents, but with higher use by under-served groups and those affected by deprivation. The improved service take up in part is due to some refurbishments, however it is mainly due to an improved offer: increased staff skills, use of specialist stock-management software and greater community engagement. Improved publicity, better signage and a more user friendly website would further improve use.

6.4 The business-growth services on which future income generation and delivering council priorities are based have either already been tested or are formed around the council's priorities for supporting citizens. The diversification of the range of services offered provides more security for income projections.

7. Timeline

Some of the initial actions, once agreement to proceed is given, will be to:

- Agree financial support for progressing proposal and engage support from Mutual Ventures or another similar company and appoint legal support, with experience in this area such as Bates Wells Braithwaite,
- increase community involvement
- Create a project board to progress work, consisting of staff from Lambeth Libraries and Archives and Commissioning, HR, finance, IT, legal, procurement, community representatives and trade unions.

The timeline and actions in the following table are from the Mutual Ventures programme run by PA Consulting for the Cabinet Office. It gives a reasonable timeline and roadmap for a public sector mutual spin out. It provides the key stages of the process required. This timeframe would allow the mutual to be put in place by the end of June 2016. There are areas where further detail of what is required could be supplied, but these should form part of discussions with the Council and those involved in the spin out as they are part of the business negotiations.

The areas where further detail was required were:

1. *Building management*

As outlined above it is proposed initially to continue using Council contracts, subject to negotiation.

2. *Provision and cost of pensions*

The trust would look for admitted body status but there would need to be negotiations on this and we would take legal advice.

3. *Additional income sources*

This is outlined in the vision and financial overview

4. *IT systems and maintenance*

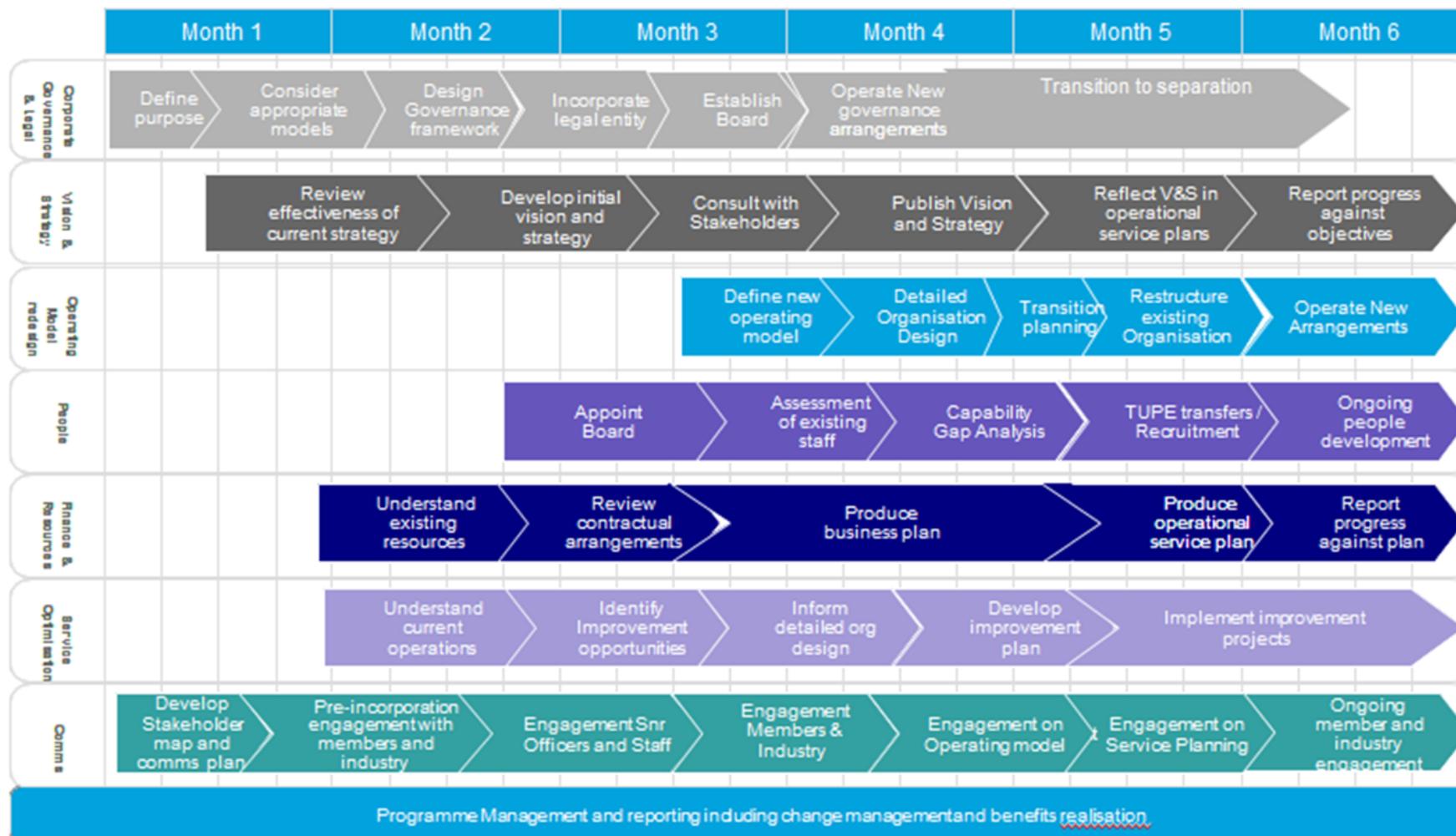
As outlined above it is proposed initially to continue using Council contracts, subject to negotiation.

5. *Human Resources*

As outlined above it is proposed initially to continue using Council contracts, subject to negotiation.

Many of these areas except the building management costs for three libraries are already part of the current proposals Cabinet was asked to vote on and in this respect make minimal difference whether the service is in-house or spun out.

Example roadmap to PSM spin-out



Section 3: Business Strategy, Financials and Forecast

1. The following financial information and projections are based on certain assumptions and clarity is needed from the Council in several areas. Until these are discussed with both parties, in order to agree the parameters and the non-negotiables, this viable model provides an adaptable framework that can be developed. It can be altered in response to feedback as there is flexibility in what is being proposed. It is therefore recommended that a small working group is set up to explore and resolve a way forward for these issues.

2. The agreed budget in the Cabinet Report is £3,237,000 for library provision and £190,000 for the Lambeth Archives, a total of £3,427,000. This does not remove the £800,000, but it must be assumed that this whole amount would be removed from the budget by the third year. It is also likely that there will be further budget cuts in future, if the current government's austerity measures continue. The budgets shown in this section keep within these parameters. They are generally not based on new initiatives, although these are planned, because it is felt that the Council wants reassurance that the statutory service is protected with a low risk budget. However, a range of new ventures are planned and it is the intention to grow the business from these and raise income that in future will subsidise the service and help future-proof it. The buildings are essential for the development of such business streams.

3. It has also been suggested that the staff and community mutual option could be developed and pursued over a longer period. This has two weaknesses:

- The financial position of the Council is unlikely to improve with regard to funding and therefore the trust model needs time to develop as a business and become established in the next two years while the financial position is broadly known. This will allow it to be in a strong position to meet possible future cuts. The first year of any business, when it is being established, is always the most difficult and it is normally in the second year that it gains stability and the financial benefits begin to be realised. Therefore, to set up a trust towards the end of a two year budget period and the start of a new one, when currently it is not known how critical the financial position will be for the Council then, it not the best option.
- Capital money will be spent in developing an interim solution that would then be abandoned and could even cost extra money to put right. This capital money could instead be spent in ways that could deliver a wider range of benefits for Lambeth residents and tackle the most serious issues of deprivation. The GLL option can easily be pursued at a later date when contracts are re-let and this would allow for wider competition and deliver the best price for the Council.

Therefore, as the trust can be delivered within the agreed timescales, if the proposal is accepted, early implementation would be beneficial.

4. Corporate recharges are not covered below as they are tied up with a range of negotiations that need to be undertaken. The high level of these charges for the Libraries and Archives Service, the fourteenth highest as % of expenditure in England, Scotland and Wales, suggests that there should be room for back office efficiencies.

However, it is recognised that these charges are part of a complex corporate structure and cannot be disassociated easily without causing problems for the council at a time when it is going through unprecedented changes. However, the in-house provision currently being pursued would have associated corporate costs and an outsourced provision would incur a management fee, so it is not unreasonable to expect a proportion of the recharges to be given to the trust. This should be explored in more detail between both parties.

5. Capital money would need to be reallocated to improve the fabric of some of the buildings. This work was identified in the condition surveys undertaken in 2012 and not all of this work has been completed. As these surveys are nearly four years old they need to be urgently reviewed to ensure that the capital profile is correct: Durning Library now has dry rot which was not previously identified; Brixton has ongoing issues with the passenger lift; Streatham's refurbishment did not address urgent heating and air conditioning problems. Small pots of capital money would also be needed to support the development of the buildings to deliver wider services, but this would be within the capital money already assigned to the Libraries and Archives Service.

6. S106 money already assigned to library provision would be used by the trust to develop targeted areas of the service and prioritised to those initiatives that will both provide financial stability and support under-served groups.

7. The trust model as a joint community and staff venture has already established a range of previously unexplored ideas to raise revenue. This is a positive indication of how pooling resources and co-producing can bring greater benefits to the citizens of Lambeth as well as capacity to co-deliver them.

8. Initially a three year budget has been provided. This will deliver:

- 10 fully staffed libraries, one in a building run by the Upper Norwood Joint Library Trust
- An archives service which will attract funding to support the delivery of the options appraisal's outcomes
- Increased opening hours for most libraries
- A wider range of services targeted on eliminating areas of deprivation and supporting under-served citizens
- a high quality library service, that is innovative and adopts best practice to meet local and national standards
- Accreditation for the Archives Service
- Staff with a wider range of skills
- A low cost customer interface for the Council, supporting other services
- Yearly improvement in customer use and satisfaction
- Services that address equality issues
- Statutory requirements for these services
- Joint community and staff working in every stage of delivery

9. **Budget detail**

9.1 The budget proposals to meet the £800,000 reduction are as follows:

2015/2016 (current budget)	2016/2017	2017/2018	2018/2019
£000s	£000s	£000s	£000s
3,885*	3,427	3,375	3,020**

* The consultation report provided the budget figure as £3,796,000 but a pay award increased this by £89,000

** This delivers an extra 2% saving by 2018/19 over and above the £800,000.

9.2 By service over the three year period

	2015/2016	Net cost reduction or extra income	2018/2019
	£000s	£000s	£000s
Central costs	802	70	732
Brixton	484	87	397
Carnegie	164	51	113
Clapham	556	92	464
UNJL (net)	171	71	100
Waterloo	117	124	-7
West N	315	66	249
Service to schools	0	25	-25
Savings	0	161	-161
New income across service	0	50	-50
Grants	0	50	-50
N'fold	78	78	0
Cost inflation	0	(86)	86
All other	1,898	26	1,872
	3,885	865	3,020

9.3 By type of expenditure

	2015/2016	Net cost reduction or extra income	2018/2019
	£000s	£000s	£000s
Cleaning	150	56	94
Rates	385	316	69
Staff	2,995	181	2,814
New income	0	217	-217
IT	79	41	38
All else	276	54	222
	3,885	865	3,020

10.1 **2016-17**

10.1.1 It is assumed that the trust will be in place at the beginning of July 2016. Therefore the rates are reduced by 80% for three quarters of the year.

10.1.2 As Lambeth does not budget for 100% salary and instead only 94% the salary figures have been adjusted to be at 100% as this would otherwise be a risk for the trust.

10.1.3 The costs for Nettlefold have been removed as the building work should have commenced by this time.

10.1.4 The majority of the Upper Norwood costs have been removed as it is envisaged the Upper Norwood Joint Library Trust will be in possession of the building. However, some money is left in for staff. Not as much as is currently being provided, as it is understood that the UNJL Trust would also buy in some staffing support if required.

10.1.5 The Library Management System is due to be relet and substantial savings will be made in this area.

10.1.6 Income increases are based on letting some small back office spaces. This is a proven and reliable method of improving income and has no or low risk to the budget. Other initiatives will be started immediately and the income could be higher each year, but it was felt that the Council required stability in the initial proposals. More information on the other proposals and the income projected can be supplied if this initial proposal is accepted.

10.1.7 Waterloo is left in its current building. If Waterloo Library is to be supplied with staffing, as is the intention of the mutual, this actually works out as the cheaper option while the Johanna School option is explored.

10.2 **2017-2018**

10.2.1 It is assumed that West Norwood Library will have reopened, so some overhead costs have been added to the budget. As the agreement with the cinema is not known, more information is required to provide a more robust budget for this library.

10.2.2 In this year Waterloo is still shown in the Lower Marsh site.

10.2.3 The rates are now shown with the full 80% rate relief.

10.2.3 It is assumed that the building alterations will have been completed to increase income from libraries such as Durning and Carnegie.

10.2.4 No inflation has been included for this year except for salaries. However it is expected by this year the mutual will be in a position to procure some areas such as repairs and maintenance at a lower cost.

10.2.5 A service to schools by this point should be set up and able to provide income.

10.3 **2018-19**

10.3.1 It is assumed Waterloo will be in the Johanna school and costs will be supported by the Oasis.

10.3.2 £86,000 is put in to cover salary increase and inflation

10.3.3 There is a reduction in staffing from natural turnover. Self-service by this point should have improved and need less staff intervention. Roles in the service by now will have changed and a small reorganisation will be required to reflect the new way of delivery.

10.3.4 Further money is removed from services purchased from the Council.

10.3.5 Grant and external funding income is shown in this year, but it is expected that this type of funding will actually start in the first year in line with new initiatives.

11. Further, more detailed, information can be supplied for each part of the service, including new income initiatives. As these are not critical to the budget they are not provided in this report. However, they are important for the wider success of the trust and once commitment is provided by the council to supportively explore the community and staff mutual, this can be presented to the council.