

Meeting: Council

Date: 7 December 2017

Wards Affected: All Wards

Report Title: Transformation Project – Review of Library Services & Appointment of Supplier

Is the decision a key decision? No

When does the decision need to be implemented? Immediately in order to facilitate Contract start date of April 2018

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1. Proposal and Introduction

- 1.1 The Council, like most local authorities, is experiencing unprecedented pressure on its finances and must make savings and efficiencies from its annual budgets.
- 1.2 The Council has a statutory duty as set out in the Public Libraries and Museums Act 1964 whereby they must provide a 'comprehensive and efficient' Library Service for the benefit of those living, working or studying in the area.
- 1.3 Over the last 5 years the Council has continued to reduce the Library Services budget to a point where any further budget reductions would seriously increase the risk of the service being unsustainable. Continued reductions in the Libraries budget could reach a position whereby the Council would be unable to fulfil its statutory obligation.
- 1.4 Against this background it was therefore necessary to explore a range of options for the future of Library Services, to examine whether or not there were different external ways of delivering Library Services which would reduce operating costs; provide sustainability across our existing service outlets and deliver a more modern and innovative Library service.
- 1.5 In July 2016 the Council ran an "Expression of Interest" process and "bidder's event" which allowed organisations (including mutuals and voluntary sector organisations) the opportunity to advise the Council how they could improve the Library service in Torbay and achieve savings.
- 1.6 The outcome of this event was that the Council agreed to proceed with a formal Library procurement exercise and seek a Service Provider to deliver Library

Services on behalf of and under the supervision of the Council, delivering value for money and resulting in a reduction in the Council's Library service budget.

- 1.7 The Council went out to Competitive Tender for the provision of Library services in February 2017. The tender exercise was undertaken using the "Competitive Procedure with Negotiation" process to ensure the most suitable service provider was selected based on service quality; sustainability and affordability.
- 1.8 Three potential bidders responded to the initial Stage one tender Pre-Qualification Questions (PQQ), however only two bidders fulfilled our PQQ requirements. The two remaining successful bidders were invited to the Stage 2 "Invitation to Tender" process in April 2017. Bidders were given 40 days to respond to the Council's Invitation to tender with their Initial tender responses.
- 1.9 Following receipt of the bidders Initial Tenders, a thorough evaluation and negotiation process with the bidders has been undertaken, with the bidder's final tenders being received and evaluated early October 2017, which has resulted in the identification of a preferred supplier, namely Libraries Unlimited. Libraries Unlimited is an independent staff and community owned social enterprise, established in April 2016 with the support of Devon County Council. It is a not-for-profit organisation which works for community benefit, any surplus income generated is reinvested into the organisation and its services. Libraries Unlimited runs Devon County Council's public library service – 50 libraries across the county and 4 mobile libraries.
- 1.10 If a contract is awarded, the preferred supplier will ensure the sustainability of the Library service within Torbay for the next 5 years (with an option to extend the contract by a further 5 years) whilst making a revenue saving of approx. £804k over the initial 5 year term of the contract. There will be some one-off upfront costs of £107k for Library ICT upgrades which would be necessary even if the Council were to retain its library provision in house. There will also be some staff transition costs of moving to the new provider which are estimated to be between £294k and £354k.
- 1.11 It is recommended therefore, that Torbay Council enter into a five year (+5 yr extension) contract with Libraries Unlimited for the delivery and management of the Library services within Torbay.

2. Reason for Proposal

- 2.1 It is recommended that the Council enter into the contract with Libraries Unlimited in order to;
 - 2.1.1 **To achieve revenue savings** - Budgetary pressures affecting the Council mean that the Library Services has to be delivered more cost effectively and in a different way in order to sustain the current level of service whilst achieving further savings to the Revenue budget. The proposed new Library Service provider would achieve a Revenue Budget saving of around £804k over the initial 5 year term of the contract and provide a sustainable service in terms of operational service delivery.
 - 2.1.2 **To create a sustainable Library staff structure.** - The current Library service has an ageing staff profile, with limited opportunities for career development and is at risk of potential staff shortages due to early retirements, sickness and holiday clashes. A new larger service provider,

with a larger local staff base, will offer more flexibility in terms of staff cover and career development.

- 2.1.3 **To provide a Library service which meets the needs of the Community** - The library service has to meet the needs of Torbay's public and business community in an effective and efficient manner. The new service provider will enable people who live, work and study in the borough to have continued access to all existing library services, including books, archives and other resources (including electronic resources) to meet their information, learning and leisure needs. Opportunities to participate in activities, events and learning programmes relating to the resources will also be provided.
- 2.1.4 **To ensure the Council retains control over Library accommodation assets** - The Council will not lose control over the current Library accommodation assets. The contract with a new Library Service provider will not impede any future developments which may impact on our current Library sites. The Council would retain the opportunity to change or relocate Library sites if it so wished.
- 2.1.5 **To enable the Council via its new partner to raise additional funding through grants and sponsorship** - The proposed new service provider is a Social Enterprise company and registered charity. As a charity, they can access a wider range of fundraising sources than the Council and can benefit from Gift aid to support the development of Torbay's libraries into the future. Libraries Unlimited have been very successful in rising additional grant funds from the Arts Council for Devon County Council Libraries.

3. Recommendation(s) / Proposed Decision

- 3.1 That Council approve the proposal to enter into a Service delivery contract with an external Library Service Provider to deliver and manage Torbay Libraries;
- 3.2 That the Director of Corporate Services and Operations be given delegated authority to enter into a five year contract (with an option to extend for a further five years) to be awarded to the preferred bidder, 'Libraries Unlimited', with the contract to commence in April 2018; and
- 3.3 That Council note that the upfront costs of entering into this contract of £107k for Library ICT and estimated to be between £294k and £354k for staff transition costs, both of which will be funded from the Comprehensive Spending Review Reserve.

Appendices

Appendix 1 – Financial Analysis (EXEMPT)

Appendix 2 – Tender evaluation – Reason for choosing Libraries Unlimited

Section 1: Background Information

1.	<p>What is the proposal / issue?</p> <p>Torbay Council has budgetary pressures and limited resources to continue to provide a sustainable Library service which meets our statutory obligations.</p> <p>Following a successful procurement exercise it is proposed that the Library service be managed and delivered by a new external Library service provider from April 2018.</p>
2.	<p>What is the current situation?</p> <p>Torbay's libraries offer a wide range of services, and satisfaction levels are consistently high. However over the last 5 years the Council has continued to reduce the Library Services budget to a point where any further budget reductions would seriously increase the risk of the service being unsustainable. Continued reductions in the Libraries budget could reach a position whereby the Council would be unable to fulfil its statutory obligation.</p> <p>Against this background it was therefore necessary to explore a range of options for the future of Library Services, to examine whether or not there were different external ways of delivering Library Services which would reduce operating costs; provide sustainability across our existing service outlets and deliver a more modern and innovative Library service.</p> <p>Since unitary status in 1998, the Library service has successfully been delivered in-house by a dedicated team of Library professionals. The library service is responsible for management and development of four static libraries in Torbay, each offering the same range of core services. These include a range of physical book stock to suit all ages, DVD and CDs for hire, free access to library computers and WiFi and a number of activities and events to meet local need.</p> <p>Torquay Library is the 'headquarters' for the service.</p> <p>Paignton Library and Information Centre (PLAIC) is a part lottery funded multiagency hub offering library services, the Council's Connections and Registrar services, South Devon College Adult and Community Learning, South Devon Health Care Trust Carers service, Healthwatch, Devon and Cornwall Police, and a cafe.</p> <p>Churston Library is the smallest in the Bay with the lowest footfall in terms of physical visits but a high rate of stock issues.</p> <p>Brixham Library is a medium sized Library and also hosts the registrar service and the Connections Self Service function.</p> <p>Each library has its own friends group which organises events, support the service and raises money to purchase items that otherwise would not be affordable.</p>

In order to be inclusive, a service for residential homes is managed by the Bibliographical Services section based at Torquay library. 'Mini-Library' collections are held within Torbay's Children's Centers and other community venues to provide access for vulnerable families at a distance from their local library. A service for housebound customers in Torquay and Brixham is coordinated by library services in partnership with Rotary Club Torquay, and Brixham Does Care respectively.

Volunteers help to provide a range of extra services that support the library service offering.

3. What options have been considered?

The following options have been considered:

1. Do Nothing.

This option would not make any additional budget savings and does not support the development of the service so therefore was discarded.

2. Service to remain in-house:

Many options have been considered based on the service delivery remaining **In-House**. These include:

- Further top slicing of budget.
- Further staff re-structuring.
- Reducing Library opening hours
- Closing Library(s)

These options however would simply continue to "erode" away the service, provide a worse service to the public, has limited long term service sustainability, and is high risk in terms of the Council meeting its statutory Library service obligations.

These options were therefore discarded and would only have been considered further if the tender exercise had been unable to identify a preferred new Library service provider.

3. Seek to find a new service provider via Competitive tender

The result of the tender exercise has identified a preferred supplier. The preferred supplier will ensure the sustainability of the Library service, at least maintaining existing services within Torbay for the next 5 years (with an option to extend by 5 years) whilst making a Revenue budget saving of approx. £804k over the 5 year term of the contract.

(see Appendix 1 - Financial Analysis)

4.	<p>How does this proposal support the ambitions, principles and delivery of the Corporate Plan?</p> <p>This proposal supports the Council’s ambition to create a Healthy Torbay by libraries offering services which support the national Health and Wellbeing agenda. The new Library service provider will deliver Library services which deliver the cultural, educational, social economic and wellbeing outcomes specified in the Libraries outcome specification.</p> <p>This proposal supports the principle “use reducing resources to best effect” by addressing new more cost effective ways of delivering the library services.</p> <p>It supports the principle of an “integrated and joined up approach” by recommending the commissioning of a new external library service provider.</p> <p>This proposal also indirectly supports a number of targeted actions, namely:</p> <ul style="list-style-type: none"> • Protecting all children and giving them the best start in life • Promoting healthy lifestyles across Torbay • Protecting and supporting vulnerable adults
5.	<p>How does this proposal contribute towards the Council’s responsibilities as corporate parents?</p> <p>This proposal will support the “Corporate Parenting” agenda by the offering numerous library services to young children and adolescents (and parents) throughout their early years.</p>
6.	<p>How does this proposal tackle deprivation?</p> <p>The proposal will support the Council tackle issues associated with deprivation by offering a comprehensive and affective free library service to all members of Torbay’s community.</p>
7.	<p>Who will be affected by this proposal and who do you need to consult with?</p> <p>There will be no adverse effect on our current library user community, and therefore no formal public consultation is proposed. The existing provision will be maintained initially and the new library service provider will, over time, deliver a much improved library service which will be to the benefit of all the current library user community. The new library service provider will be encouraging a greater take up of library services and increased engagement with Community groups and the hard to reach sector.</p> <p>It is envisaged that there will be some staffing changes, and staff will be consulted through the appropriate Human Resources channels.</p>

8.

How will you propose to consult?

As detailed above, no formal public consultation is proposed. A Forward Plan notice was published on 23 February 2016, and the developing proposals have been discussed at numerous public meetings, including Policy Development and Decision Groups, Overview and Scrutiny meetings, and the ultimate decision will be made in public.

Staff will be consulted through any resulting staffing changes through the appropriate Human Resources channels.

Section 2: Implications and Impact Assessment

9.

What are the financial and legal implications?

Exempt Appendix 1. – Financial Analysis - outlines the financial business case to support the proposal to engage with Libraries Unlimited as Torbay's new Library service provider.

There are some additional year 1 upfront costs of entering into this contract which will be funded from the Comprehensive Spending Review Reserve. These costs are associated with ICT investment (£107k) and estimated staffing transition costs of between £294k and £354k, although the actual costs could come in much lower than this.

The cumulative 5 year forecast shows a Revenue saving of around £804k over the 5 year contracted period.

We have a statutory responsibility to deliver a library service, and awarding this contract will ensure that the Council is able to deliver against this.

10.

What are the risks?

If this proposal is not supported then the Council will have to continue to deliver the Library service in-house and make budget savings through top slicing and a reduction in some Library site opening hours. The continual eroding away of the Library service provision will put the Library service at risk in the future and temporary closures through lack of resources may be inevitable.

Risks associated with implementing the proposal:

As with any new service contract there is an element of risk in terms of the quality of service being delivered and any unforeseen additional costs which may be incurred during the term of the contract.

These risks will be managed through a robust client side contract management and KPI monitoring process to ensure the Library service is being delivered in line with the contract specification and that any unforeseen additional costs are discussed through the "change mechanism" contract monitoring process.

There is a risk that the staff transition costs could exceed our worst case estimate.

There is a risk that the Council may need to make further changes to the contract price during the 5 year term which may result in the Service provider withdrawing their service.

There is a risk that Libraries Unlimited will not be able to satisfactorily integrate the Council's Library staff teams into their proposed new structure which could affect the viability of their financial bid.

There is a risk that the Council may not be able to fund future capital investment to relocate or improve Library locations to improve service delivery and further reduce costs.

	<p>There is a potential future risk of differing views being held in relation to the future role and strategic positioning of the Library service; and degree of modernisation/transformation (including capital expenditure) required by the Library service.</p>
11.	<p>Public Services Value (Social Value) Act 2012</p> <p>The recommendation is based upon the results of a thorough procurement exercise, aimed at providing the service and improving the economic and social benefits of the service.</p> <p>The new Library service will deliver activities which support Torbay’s Health and Wellbeing agenda.</p> <p>There is scope for the new service provider to work in new ways with a wide range of organisations, including the TDA, Public Health, the Torbay Culture Board and a range of public and private sector organisations so that libraries can better support the economic, social and cultural wellbeing of Torbay.</p> <p>The new supplier’s vision is to bring ideas, imagination, knowledge and creativity to people’s lives and communities.</p>
12.	<p>What evidence / data / research have you gathered in relation to this proposal?</p> <p>The recommendations is based on the results of a thorough procurement/evaluation/negotiation tender exercise.</p> <p>A detailed Library tender Service Specification was written based on evidence collected via a Library Needs Assessment; an evaluation of current Library usage and associated costs; alignment with the Government Libraries taskforce guidance document “Libraries deliver: Ambition for Public Libraries in England 2016 -2021”; Library staff and Friends groups; researching Library service best practice via Library services groups and other Library Authorities.</p>
13.	<p>What are key findings from the consultation you have carried out?</p> <p>The Library Needs Assessment and the evaluation of the current library usage has guided the procurement of a new supplier.</p>
14.	<p>Amendments to Proposal / Mitigating Actions</p> <p>None</p>

Equality Impacts

15	Identify the potential positive and negative impacts on specific groups			
		Positive Impact	Negative Impact & Mitigating Actions	Neutral Impact
	Older or younger people	<p>ASCEL's 'Children's Promise' highlights the importance of the physical environment; the warmth of welcome and the range of core activity as foundation blocks for an engaging, high quality library service. Torbay's existing offer will be improved at low cost through reviewing these. The reach of the library service will be maximized through partnership working and ensuring that engagement with children, young people and families is a high priority and that all library activities are inclusive and accessible to both old and young alike.</p>		

<p>People with caring Responsibilities</p>	<p>The reach of the library service will be maximized and all library activities will be inclusive and accessible to all members of Torbay's community.</p>		
<p>People with a disability</p>	<p>Improved outreach facilities to vulnerable and 'hard to reach' families.</p>		
<p>Women or men</p>	<p>The reach of the library service will be maximized and all library activities will be inclusive and accessible to all members of Torbay's community.</p>		
<p>People who are black or from a minority ethnic background (BME) <i>(Please note Gypsies / Roma are within this community)</i></p>	<p>The reach of the library service will be maximized and all library activities will be inclusive and accessible to all members of Torbay's community.</p>		
<p>Religion or belief (including lack of belief)</p>	<p>The reach of the library service will be maximized and all library activities will be inclusive and accessible to all members of Torbay's community</p>		

People who are lesbian, gay or bisexual	The reach of the library service will be maximized and all library activities will be inclusive and accessible to all members of Torbay's community		
People who are transgendered	The reach of the library service will be maximized and all library activities will be inclusive and accessible to all members of Torbay's community		
People who are in a marriage or civil partnership	The reach of the library service will be maximized and all library activities will be inclusive and accessible to all members of Torbay's community		
Women who are pregnant / on maternity leave	The reach of the library service will be maximized and all library activities will be inclusive and accessible to all members of Torbay's community		

<p>Socio-economic impacts (Including impact on child poverty issues and deprivation)</p>	<p>There is scope for the new service provider to work in new ways with a wide range of organisations, including the TDA, Public Health, the Torbay Culture Board and a range of public and private sector organisations so that libraries can better support the economic, social and cultural wellbeing of Torbay.</p> <p>The new supplier's vision is to bring ideas, imagination, knowledge and creativity to people's lives and communities. Growing the supplier's geographical footprint into Torbay enables that vision to reach almost 1 million people.</p>		
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Public Health impacts (How will your proposal impact on the general health of the population of Torbay)

The new Library service will deliver activities which support Torbay's Health and Wellbeing agenda.

The new service provider believes that libraries can have a significant impact on the health and happiness of the people who use them regularly. Their annual Active Life Active Mind programme demonstrates how their existing network of libraries provides opportunities for people to explore and improve their mental and physical health and wellbeing.

The new service provider will explore with Torbay's Public Health team and other partners the potential for expanding the Council's range of services supporting health and wellbeing in line with identified needs in the Joint Strategic Needs Assessment.

16	Cumulative Impacts – Council wide (proposed changes elsewhere which might worsen the impacts identified above)	Future decisions made by the Council in relation to changes to the current Library accommodation could impact on the new service providers ability to deliver Torbay’s Library services in accordance with the Council’s Library’s delivery specifications and contract.
17	Cumulative Impacts – Other public services (proposed changes elsewhere which might worsen the impacts identified above)	None that we are aware of at the moment.