

**Minutes of the meeting of General scrutiny committee held at
The Council Chamber - The Shire Hall, St. Peter's Square,
Hereford, HR1 2HX on Monday 9 April 2018 at 10.15 am**

Present: Councillor WLS Bowen (Chairman)

Councillors: SP Anderson, BA Baker, AW Johnson, JF Johnson, PP Marsh
and A Warmington

In attendance: Councillors JM Bartlett, H Bramer (Cabinet Member), CR Butler, PE Crockett,
PGH Cutter, CA Gandy, EPJ Harvey, PC Jinman, FM Norman, NE Shaw
(Cabinet Member) and J Stone

Officers: N Silver – Assistant Director - Communities (ADC), L Bowerman, Senior
Conservator, J Chedgzoy - Museum Libraries and Archives Manager, M
Coldman - Museum and Area Library Manager, J Coleman- Democratic
Services Manager/Statutory Scrutiny Officer.

67. APOLOGIES FOR ABSENCE

Apologies were received from Councillor JM Bartlett.

The Chairman welcomed Councillor AW Johnson to the Committee. He noted that he replaced former Vice-Chairman Councillor Swinglehurst, whom he formally thanked for her assistance to him.

He welcomed Miriam Griffiths of the Herefordshire Museum Support Service Group, Nina Shields on behalf of Joint action for Herefordshire libraries and Richard Smith on behalf of the Friends of Herefordshire Archives who had been invited to speak on the item on the future delivery of museum, library and archive services.

He commented that in inviting these representative groups the intention had been to ensure that the key issues were presented to the Committee.

68. NAMED SUBSTITUTES

Councillor PP Marsh substituted for Councillor JM Bartlett.

69. DECLARATIONS OF INTEREST

Councillor JM Bartlett declared a non-pecuniary interest as Chairman of the Friends of Leominster library.

70. MINUTES

RESOLVED: That the minutes of the meeting held on 29 January 2018 be approved as a correct record.

71. QUESTIONS FROM MEMBERS OF THE PUBLIC

Questions received and responses given are attached as appendix 1 to the minutes.

72. QUESTIONS FROM MEMBERS OF THE COUNCIL

Questions received and responses given are attached as appendix 2 to the minutes.

73. FUTURE DELIVERY OF MUSEUM, LIBRARY AND ARCHIVE SERVICES

The committee was invited to consider the future delivery of museums, libraries and archives services in advance of a decision being made by cabinet and determine any recommendations that the committee would wish cabinet to consider.

A supplement had been circulated containing submissions that had been requested from the Herefordshire Museum Support Service Group, Joint Action for Herefordshire libraries and the Friends of Herefordshire Archives, together with a range of other submissions various groups had chosen to submit of their own accord. It was noted that a late submission had been received from the friends of Leominster library and that this had been made available to members of the Committee prior to the meeting

The ADC gave a presentation, as included with the agenda papers.

Miriam Griffiths of the Herefordshire Museum Support Service Group gave a presentation based on slides within the Group's submission, referencing the report on the Future Resilience of Herefordshire Council's Museum Service jointly commissioned by the Group and the council. Nina Shields spoke on behalf of Joint action for Herefordshire libraries and Richard Smith spoke on behalf of the Friends of Herefordshire Archives emphasising points made in their published submissions.

In discussion the following principal points were made:

- A question was asked about the large increase in the user numbers for Bromyard library in 2017 compared with 2016. The ADC commented that previously all visitors to the Bromyard Centre, which provided several services, had been counted and the library user number had been published as one third of that total number. Now all visitors to the centre were counted as library users because the library was open all the time. However, the council did not have a figure for those just using the library to access books because people also used the library for computer access and other services. The ADC suggested that it could be useful to look at the issue numbers and this could be included in the report to cabinet.
- It was observed that the matter had generated considerable public interest. There was a public awareness of the financial constraints the council faced and the need for services to be cost effective. Within that context the submissions made on the matter had raised a series of questions. In summary it was suggested these related to: the specification of future standards of performance; the cost of the level of service required to meet statutory requirements; monitoring of payments to a supplier; the feasibility of zero subsidy and whether suppliers would be allowed to achieve a certain level of profit and whether this would mean that the services were in fact cheaper to run; assessment of risk - mindful of the ongoing liabilities/responsibilities of the council; the potential loss of economies currently secured from being part of a consortium; failures of library outsourcing elsewhere in the country; the future of volunteer led libraries, delivery libraries, school services and community libraries; recognition of the differences between museums, libraries and archives; the population growth and consequent increase in demand for services; evidence suppliers had understanding or experience in delivering the three

services – each of which had different requirements; and that retaining the services in house and not outsourcing should be considered as one of the options.

In response the ADC thanked the speakers and the user groups for their contribution over a number of years in supporting transformation of the three services and their recognition that savings had to be made and income generated. The ADC made clear that no procurement had been undertaken. The soft market test had been conducted to establish whether there was a market for these type of services and advice on a procurement process. If a decision was taken to outsource or contract the services a specification would be produced addressing matters such as opening hours, cost, service standards and improvement programmes. Ultimately a best and final offer would be received after a procurement process and at that stage a decision would be taken as to whether it was viable for services to be outsourced and the answers given to many of the questions raised.

In response to further questions the ADC commented:

- The current service model had developed on the basis that there some benefits of synergy from combining the management of the services whilst recognising their distinct nature. It was acknowledged that the three services were different and distinct and this would need to be recognised as the process moved forward, as would the differences observed in usage in different geographic areas of the County. There were several options for future service delivery. The soft market test had indicated there was a market for single providers to take on all services. However, potential bidders could be asked to select the services they were interested in operating.
- It was estimated that the procurement process would take in the region of 12 months from the start date.
- In relation to supporting staff through this uncertain time it had to be born in mind that the services had undergone a 5 year period of change and development. Staff would be involved in taking the process forward and had been involved in designing service change, the various reviews, peer challenge and income generation plans.
- In relation to an absence of a business case for the potential capital investment to bring the first floor space of Hereford Library and Museum building into use, the ADC commented that the potential return would be some £10k (per annum). The investment was not therefore about a business case based on financial return but about making best use of the space and providing community benefit. This point could be included in the report to cabinet.
- In terms of reassurance, if outsourcing were to proceed the council's standards of service would be included in a service specification, working with the Council's commercial team on the evaluation of bids.
- It was noted that the authority could also draw on other councils who had gone through a similar process and professional bodies.

The following additional points were raised in discussion:

- It was suggested that it was important to ensure services were sustainable but also to aim to preserve or enhance their quality and provide for their development. Another observation on this point was that there was a need to be mindful that the Medium Term Financial Strategy (MTFS) incorporated the proposed savings from, the museum library and archive services set out in the report. If the committee was proposing that these savings should not be pursued it had to recognise that savings would have to be found from elsewhere.

- The cabinet member – finance, housing and corporate services commented that the process offered the opportunity to see whether it was possible to reduce costs and try to instil some commercial thinking into the sector. The aim should be to explore whether there was new thinking as to how services could operate, in contrast to proceeding with annual salami slicing budget reductions.
- It was noted that the council currently paid some £292k in business rates on properties from which the three services were delivered and received £143k as income. It was requested that the report to cabinet should be clarified in relation to the impact on the council's income of charity rate relief if registered charities took on the running of the services, having regard to the relevance of this to the overall calculation of any savings being projected from outsourcing.

(The meeting adjourned between 11.55am and 12.10 pm.)

- The usage figures clearly incorporated multiple visits by individuals; the breadth of use across the county's population and the extent to which it was valued was therefore hard to quantify. It was requested that the breakdown of the various usage figures being presented should be revisited and clarified for cabinet.
- The report on the Future Resilience of Herefordshire Council's Museum Service contained a funding model that seemed to have merit and not incur additional cost to the council. The pace of transformation within that service was, however, different to that within the other two services. It was asked if consideration could be given to allowing tailored change in that service to proceed at its current pace and not allow momentum to be lost by it being part of an overall procurement process for the three services. It was noted that this could be included in the alternative options reported to cabinet.
- Shared use of service buildings with commercial and charitable bodies should be explored as a means of generating income. It was noted that this did not happen at some of the sites.
- The question of whether the council would retain ownership of any service buildings under any future arrangement was raised.
- Closure of any libraries would not be supportable.
- It had to be recognised it could be difficult to access a library in parts of the county, and the travel cost could be prohibitive.
- Income generation from those using archive services and other income generation opportunities from that service should be explored.
- The storage of records of individuals at no charge that were not available for public use should be reviewed. It was noted that the Friends of Herefordshire Archives supported the options set out at paragraph 26 of the report with the exception of relocation to closed storage which could lead to deterioration of records.
- It should be noted that a reduction in opening hours would have an adverse effect on staff salaries. However, some public houses closed on Mondays because of lack of custom and it could be questioned if closure during part of the school day might be considered given that children would not be able to use the libraries during that time.
- There was a suggestion that consideration should be given to the extent to which funding should be provided from within the council's budget as a whole including Adults Wellbeing and Children's and Young People's Wellbeing's budgets.
- The possibility of a task and finish group to examine any future service specification was raised. The consensus was that it was premature to make such a recommendation.

The representatives of the Herefordshire Museum Support Service Group, Joint Action for Herefordshire libraries and the Friends of Herefordshire Archives, were invited to make a final comment.

On behalf of Herefordshire Museum Support Service Group M Griffiths commented that the journey the service was following, based on the report on the Future Resilience of the Museum Service was not an easy one. It required some invest to save input from the council at the outset. The Group did not think the objectives could be achieved without the ongoing guidance of expert museum consultants. It was considered that the in-depth study of the service could be replicated for the other two services to their benefit.

On behalf of Joint Action for Herefordshire libraries (JAHL) N Shields commented that the need for savings was recognised. JAHL did not consider that outsourcing was the most cost effective way forward and did not have a good track record. JAHL remained keen to explore other options.

On behalf of the Friends of Herefordshire Archives R Smith commented that reference had not been made to the limited storage capacity in the HARC for future acquisitions. The original designed capacity for 25-30 years had reduced to 12-18 months. It would take longer than that to build an extension. It was considered that there were few advantages to outsourcing, with no evidence of success elsewhere. There was considerable scope for income generation if the service were kept in-house.

The ADC thanked the speakers and welcomed their contribution to the discussion which would help inform the cabinet report.

She commented that there was a programme to ensure that at least a year's worth of storage capacity was continuously retained at the HARC building. She did not consider there was a business case for building an extension at this stage.

In terms of commissioning specialist studies for the libraries and archives services, it should be noted that the study for the museum service had been funded by heritage lottery funding and had cost £20k.

She hoped the debate had demonstrated that service changes to date had not been salami slicing, but had been a planned process over the previous 5 years, as reflected in various cabinet reports and studies including local government association peer challenge, the study of the museum service and the work of teams within the services.

A number of local ward members had attended. In summary they made the following principal points:

- The social, health and wellbeing benefits the services provided were emphasised.
- Resources released from rationalising the council's accommodation should be ringfenced to support such services.
- It was essential to retain professional expertise. Volunteers were reliant upon professional support.
- Services had to be readily accessible.
- Any proposals for service delivery should take account the benefit derived from the many local library services provided by volunteers in the rural areas.
- Those who had expressed interest in running the services via the soft market testing were not experts in the services. That expertise lay within the council. The council was not, however, expert in ways of generating income. Rather than outsourcing, consideration should therefore be given to whether there were potential partners with

skills upon which the council could draw. Such partners might be very different from those who would be interested in running services.

- It was important in terms of the Master's House, Ledbury that the costs associated with the library element of the building were recognised.
- The council should use legal powers to seek contributions from parish precepts to support the services.

The cabinet member – finance, housing and corporate services thanked the meeting for the comments received. He noted that the proposals were driven by the need to achieve a balanced budget. This did mean difficult decisions having to be made. It was important that these were well informed.

The cabinet member – contracts and assets commented that the aim was to find a solution that maintained the viability of the three services. He was generally not in favour of reducing hours and having buildings closed on certain days. He supported bringing the first floor of Hereford library into use. Other matters of which he had taken particular note were the implications of the Public Records Act 1958 and the storage of private records at public expense. He assured those present that he had the best interests of the three services at heart.

The Chairman and ADC thanked everyone for their contributions.

RESOLVED:

- That**
- (a) the case for bringing the first floor room in Hereford library into use should be set out in more detail for cabinet to consider, including an assessment of community benefit;**
 - (b) cabinet is requested to ensure that whilst recognising the need for services to be sustainable any proposals should aim to preserve and/or enhance quality of services and provide for their development;**
 - (c) the resource implications of the report to cabinet should be expanded and clarified in relation to the impact of charitable relief;**
 - (d) the option of not outsourcing the services should be fully explored in the cabinet report;**
 - (e) the different nature of the three services should be fully recognised and taken into account in considering future options in whatever process is pursued;**
 - (f) the legal implications section of the report should be reviewed to ensure it fully reflects provisions relating to archives;**
 - (g) income generation opportunities should be explored including charges for those using archive services and the scope for shared use of council buildings with commercial and charitable operations;**
 - (h) the opportunity to secure income from those storing records at HARC but not making them available for public use be explored; and**
 - (i) the breakdown of the various usage figures in the report should be revisited and clarified for cabinet.**

74. WORK PROGRAMME

The Committee deferred consideration of the work programme.

75. DATE OF NEXT MEETING

Monday 11 June 2018 at 10.15 am.

Appendix 1 - Public Questions and Answers

Appendix 2 - Councillor Questions and Answers

The meeting ended at 1.05 pm

Chairman

**PUBLIC QUESTIONS AND ANSWERS -
GENERAL SCRUTINY COMMITTEE – 9 April 2018**

Question 1

Mr Milln – Hereford

Our excellent staff of the Museums, Libraries and Archives Services leverage volunteer support, good will and donation which are its life blood. Further budget cutting risks these benefits, the loss of which cannot be measured in financial terms alone. Whether or not a trust takes over museums, will the Council realise that supporting all three so they may grow brings richer rewards for well-being, pound for pound, than a bypass?

Response

The Assistant Director Communities replied that the support given by volunteers was strongly acknowledged and paragraph 12 of the report to the Committee outlines the range of contributions made. The plans for each service (published on the council website) demonstrate the contributions made by each service to the council's corporate objectives including aspects of well-being.

Supplementary Question

Will the council accept the public find it surprising these services are threatened, when money is found for costly road schemes?

Response

The council has a legal obligation to create a balanced budget. Savings have been sought across the board over a number of years to achieve that, whilst also seeking to protect the most vulnerable in the community and safeguard adults and children.

Question 2

Mr T Evans - Ledbury

How much does it cost to operate the library services currently and how much is HCC prepared to pay the contractor to ensure that they can operate the libraries?

Response

The Assistant Director Communities replied: The cost of running the services is outlined in paragraph 31 of the report to the Committee. For the library service specifically the cost (net against income) is £1,031,656. An open procurement process would take place if the decision is made to outsource services which would set terms and conditions, including financial terms.

Question 3

Mr J Hillaby – Hollybush near Ledbury

Whilst acknowledging the Council's need to cut costs we are concerned at the proposals to further reduce opening, new books supplies etc. Our main concern however is the proposal to outsource the library service. How can this be cost effective when the subcontractor would need to make a profit, and how can the Council ensure that standards are maintained?

Response

The Assistant Director Communities replied: If the decision is made to outsource services a tender specification will be produced with potential suppliers making submissions. Any contract would include specific standards, requirements and financial terms. Some of the savings can be through shared back office costs, opportunity for income generation, using supplier networks for marketing, and additional events (as outlined in the soft market test feedback). There is also potential for savings on rates if the organisation is a charity. All the submissions for the soft market test were from non-profit making organisations.

Question 4

Mr L Watson - Garway

How is it possible for the Council to outsource the LMA services without subsidy whilst also meeting their statutory obligation to provide a comprehensive and efficient library service?

Response

The Assistant Director Communities replied: Paragraph 22 of the report and the section on legal implications acknowledges there is a statutory duty to provide a library service - these requirements would be included in any specification/contract along with any other important elements relevant to the services. Also paragraph 4 of the report states the objective is to retain services important to the public, while making the services more efficient and self-funding where possible.

Question 5

Mr J Faulkner

Who will be ultimately accountable for the quality, delivery and development of library services following outsourcing?

Response

The Assistant Director Communities replied: As through any contract the supplier will have certain standards to meet, and penalties will apply if not met and ultimately there is the option of contract termination. Herefordshire Council still holds the obligation of providing a comprehensive and efficient library service as a legal requirement.

Question 6

Mr J Hitchin

How will the Council make further progress with the integration of LMA services, as recommended by the LGA peer review and also central to the Rankin Centre (31 broad street) development, when service provision is outsourced?

Response

The Assistant Director Communities replied: Following the LGA peer review and staff consultation a redesign of the services took place and from January 2018 museums, libraries and archives were bought under one management structure. If a decision is made

to outsource all the services in one procurement this will influence the retention of the service in one block, but will also depend on the returns from potential suppliers.

Question 7

Mr W McMorran – Tedstone Delamare, Bromyard

How will the concepts and forward thinking about the future of the broad street building evident in the Rankin Centre proposals (now the 31 broad street project) be carried forward once outsourcing takes place?

Response

The Assistant Director Communities replied: Hereford Library User Group are able to continue with their project to fundraise for development of Hereford Library at any point. The report to cabinet on 9 May 2016 made clear in the alternative options section that it would not be Herefordshire Council leading this project.

Question 8

E Mayes

From the Hereford Library perspective it is crucial that the Broad Street building is improved from its current provision of 1500 square metres (housing both library and museum) to provide the 5,000 square metres that is the sector norm for a City/County Library. Who will be responsible for this development following outsourcing?

Response

The Assistant Director Communities replied: Please see paragraphs 23 to 25 of the report which looks at making better use of the un-used area of the library, and she would welcome the committee's views on those points. There were no plans for further capital investment beyond the points in the report and as outlined in the previous question, if HLUG wish to pursue fundraising plans I am sure any new supplier would welcome that contribution.

Question 9

Mr H Porte

Currently there is a totally inadequate level of purchasing of new resources and the Hereford Library has a long history of stockholding deficiencies, as demonstrated by the CIPFA league tables which places Herefordshire in the bottom decile, where it has been for many years – How will this situation be improved post outsourcing?

Response

The Assistant Director Communities replied: For explanation to the committee - the Chartered Institute of Public Finance and Accountancy benchmarks information between libraries each year. It should be noted that the data was collected over the period when Hereford library was closed so some the figures are distorted. This data shows that the size and opening hours of our largest library (Hereford) is low compared to other local authority areas. Also the council's expenditure is lower than the average, partly because we are very efficiently operated service, income generating, fundraising etc. How this would be improved post outsourcing if that decision is made can be part of any terms. To note, Greenwich

library (outsourced to GLL), one of the contributors to the soft market test has the highest number of visitors per head of population for the second year running.

Question 10

Mr J Llewellyn-Perkins

What arrangements will be made to ensure that LMA user groups can input to developments and work with the new service provider?

Response

The Assistant Director Communities replied: As part of the specification community engagement is often a question depending on the nature of the services being contracted. Any supplier will want to make the most of working with user groups to contribute to the operation of the services and meet the wider needs of regular users and the wider community. I would have hoped that user groups would continue to support the services in a positive and productive way for the good of the services.

COUNCILLOR QUESTIONS TO GENERAL SCRUTINY COMMITTEE – 9 April 2018**Question 1**

Councillor CA Gandy

Volunteer run rural Community Libraries particularly for our most vulnerable residents in rural communities are a life line with 43,622 visitors in 2017.

I seek assurance that none of the proposals will impact negatively on community libraries who rely upon the Herefordshire Council library for support and if outsourced what influence the local member will have in decision taking which may impact negatively upon their local community library.

Response

The Assistant Director Communities replied: The front-line delivery of community libraries is operated by local groups and parish councils who give up their time to services valued by those individuals and the local communities, and important to the network of libraries in the county. As independent from the council these libraries would not be part of an outsourced service. The council does support these libraries with training, advice and in some cases IT – also the council pays for the book stock (as broken down in paragraph 31 of the report at a value of £17,484 across all community libraries). This will be subject to future decisions depending on the impact on the book fund and she would welcome the committee's view of that proposal. If implemented the proposal would be a 10% reduction across the board and the impact on community libraries would be £1,748.

Supplementary Question

What evidence is there that contracting the library service whilst fulfilling the council's four priorities will produce the savings required, improve the service, and by how much, and over what period of time, and also guarantee that in a few years' time we will not be regretting the loss of our community run libraries, two of which are increasing visitor numbers due to the lack of support from the centre?

Response

The Assistant Director Communities replied: If the council goes through a procurement process, terms would be specified and the response of bidders to those terms would be evaluated. If the response did not meet expectations or would mean a reduction in service this would not be considered viable. The council would have to wait to see what responses were received.

