

<b>Meeting:</b>	<b>General scrutiny committee</b>
<b>Meeting date:</b>	<b>Monday, 9 April 2018</b>
<b>Title of report:</b>	<b>Future delivery of museum, library and archive services</b>
<b>Report by:</b>	<b>Cabinet member contracts and assets</b>

## **Classification**

Open

## **Decision type**

This is not an executive decision

## **Wards affected**

(All Wards);

## **Purpose and summary**

This report has been prepared for the general scrutiny committee to consider the delivery options for museums, libraries and archives in advance of a decision being made by cabinet and determine any recommendations that it would wish cabinet to consider. In balancing the public interest in this decision and in seeking to not obstruct the council in its business, the general scrutiny committee has sought to call this forthcoming decision in for pre-decision scrutiny.

The purpose, therefore, is to review the key issues regarding the delivery of museums, libraries and archive services operated by Herefordshire Council that will be considered by cabinet on 10 May 2018. The views of general scrutiny committee would be a helpful contribution to the decisions that need to be made in balancing the demands on the council in terms of prudent finance planning with customer needs and expectations.

## **Recommendation(s)**

**That:**

- (a) the committee determine any recommendations it wishes to make to the executive to consider.**

## Alternative options

1. None.

## Key considerations

2. The general scrutiny committee has identified that the future delivery of museum, library and archives (MLA services) as a forthcoming decision on the forward plan, is relevant to the remit of its committee. The general scrutiny committee has exercised its right to call in this cabinet decision in advance of it being taken. When the scrutiny committee has called-in a key decision from the forward plan before its due date, the decision cannot be called-in again after the final decision.
3. The grounds upon which the committee deemed it was appropriate to use its pre-decision call-in relate to:
  - a. The significant (county wide) community interest in this decision as witnessed through previous budget consultation responses, letters, and petitions (including formal presentation to full council in 2016), and
  - b. Seeking the views of representative user groups of these services with a view to considering any recommendations the committee may wish to put to cabinet before final decisions are made.

## Service Update

4. A number of cabinet and cabinet member decisions over the last 5 years have set the direction of museums, libraries and archives services. The objective being to retain services important to the public, while making the services more efficient and self-funding where possible.
5. In pursuing the objective of reaching a financially sustainable service an intensive period of change and development has taken place as summarised below.
6. **LGA Peer Challenge** – the Local Government Association was invited to conduct a peer challenge of MLA services. The peer challenge took place in May 2017 and involved interviews with external groups / organisations, councillors and staff. The report and executive response was published on 26 October 2017 as part of a cabinet member report (see appendix one for link).
7. **Plans** - the peer challenge recommended that the council should communicate its plans for the MLA services. Recognising the detail of future direction is outlined in cabinet reports the plans for the individual services were published in October 2017.
8. **Redesign of services** – library and customer services, as a then combined service, were subject to a service redesign in 2017. This was primarily relating to the recommendation in the cabinet report of 13 October 2016 to reduce the customer service offer in the market towns. The museum service was also restructured to direct efforts on the Black and White House as a local attraction generating an income. The wider community services division also conducted a redesign of its management structure to deliver savings.
9. **Libraries** - Weobley, Peterchurch, Leintwardine, Colwall and Belmont libraries now operate as community libraries supported by volunteers, development groups and parish councils. Bromyard Library is operated under contract to Halo as part of a dual use site. Ross-on-Wye Library has received investment to improve its layout and to accommodate

children centre services as outlined in cabinet report of 14 September 2017. Hereford Library has been refurbished and Leominster Library is also due for refurbishment. The public access PC's have been upgraded and Wi-Fi is available in most of the libraries. Self-service machines have also been installed so people do not have to wait to be seen by a customer service officer or library assistant to issue or return a borrowed item (this represented 27% use for February 2018).

10. **Museums** – the Black and White House was re-opened as a chargeable facility in February 2017 after investment in new displays. Hereford Museum is supported by volunteers to offset costs.
11. **Herefordshire Archive and Records Centre (HARC)** - the centre was opened in August 2015, built and financed by the council to house archives and records. The archive service is the principal service, though the centre also includes the archaeology unit, the historic environment records and the biological records with their respective teams. It has also become the planning search centre, the council's data centre, and recently available office space has been adapted to accommodate a multi-agency-office (MAO) to make the most of the building. Some modern records from the council were put in archive store, some of which have now been scanned to be electronically held. There is a continuous availability of a year to 18 months storage as a way of ensuring provision for future archives balanced with efficient use of space.
12. **Volunteering** – the services have a strong track record in being supported by volunteers. This has continued in the last few years where people give their time to locally run community libraries; collections care; archives records; front of house at the museums; development and user groups. Some groups also provide financial contributions and provide opportunity to generate an income. In Colwall additional volunteers and financial contribution from the Parish Council have enabled an increase in opening hours.
13. User numbers for 2017 calendar year for services and sites are outlined below, compared to 2016.

Visitor number	2016 visitor numbers	2017 visitor numbers
Hereford Library	72,474	149,029
Ross Library	103,216	90,653
Leominster Library	93,382	89,441
Ledbury Library	102,434	95,991
Bromyard Library	11,144	53,258
Kington Library	21,436	16,605
Belmont Library	40,170	24,562
Colwall Library	11,629	11,190
Leintwardine Library	2,751	2,902
Weobley Library	2,654	2,609
Peterchurch Library	2,097	2,359
Delivered Services (library)	171 individuals 30 nursing homes	150 individuals 31 nursing homes
Schools Library service	50 schools	36 schools
Black and White House	27,806	10,908
Broad Street Museums	closed	9,137
HARC - search room visits	3,156	2,889
HARC - talks, exhibitions, etc.	4,601	7,108
HARC - distance enquiries	2,523	3,317

Note:

Due to a period of closure for Hereford Library in 2016 users number were down with alternative site provided at the Town Hall, while Belmont saw an increase in use.

The Black and White House was closed for February and March in 2017 for refit and charging increased which could account for the decrease in visitors.

Bromyard increase due a different system of counting visitors as a result of longer opening hours.

Schools library service based on primary school SLAs.

## Issues to be addressed

14. **Libraries and customer services savings plans** - the October 2016 cabinet decision approved a series of actions that delivered a saving for the service of £510k. This contributes to the saving requirement contained in the Medium Term Financial Strategy of £760k which left a residual of £250k to find. During the course of the last two years additional decisions, operational and managerial savings have contributed to reducing the residual to £65k as the table below outlines:

	£000		
Library Service	2017/18	2018/19	2019/20
Savings in the MTFS	380	380	0
Savings achieved	360	315	0
Remaining to be achieved	0	65	0

15. Potential short term options to address the residual savings requirement as outlined below with estimated saving:

- Further reduce opening hours across sites – reduced hours were implemented in 2014 and have not changed since.  
Estimate savings: £31k (based on closing one additional day in each of Ross, Leominster, Hereford and Ledbury).
- Reduce the book fund – the book fund enables the purchase of new stock and electronic resources and has been previously reduced.  
Estimate savings: £20k (based on 10% of the book fund).
- Renegotiation of IT system – the library management system is up for renewal and there is potential to renegotiate the cost of the system.  
Estimate savings: £20k (at least, variable depending on procurement).
- Rental space at Hereford Library – office space available for rent to a third party to create an income.  
Estimate income: tbc.
- Explore other options for earned income across sites depending on suitability, e.g. commercial café.  
Estimated income: £15k (needs to be tested in the market).

16. **Museum and Archive Service** – the target savings of £500k was set in the MTFS to be achieved by 2019/20 financial year. A £222k saving plan was agreed by cabinet in the report of 10 March 2016. This includes a mix of savings and income generation mainly from the museum service. Whilst management and operation changes contributed to the saving target in the last 2 years, income generation (ticket sales and merchandise) from the Black and White House may not achieve its 2018/19 target:

Museum and Archive savings	£000		
	2017/18	2018/19	2019/20
Target	100	150	250
Achieved	100	129	0
Savings to find	0	21	250

17. Potential short term options are:

- Reduce opening hours of the search room by one day a week to the public. Mondays are already closed to the public and a review can take place to understand the quietest day whilst also catering for people who need to access the service out of working hours.  
Estimated saving: £8k based on one staff day cover.
- Black and White House – drive increasing footfall to the museum to generate an income to support other parts of the service. This would need investment in some additional marketing.  
Estimated income: £20k (£40k income offset with £20k investment).
- Car Parking HARC – to be cost effective this needs to have low management requirement and not affecting parking impacts in the local area and consideration given to regular local users and volunteers.
- Estimated income: £5k (based per search room visit / events).
- Additional charging linked to access to the archives and digital records, and room hire.  
Estimate income: £10k.

18. The combination of these will not fully achieve the full savings requirement in the MTFs.

### **Museum Resilient Project**

19. Herefordshire Council in partnership with Herefordshire Museum Service Support Group (HMSSG) was awarded funding from Heritage Lottery to review opportunities for the museum service with an aim of meeting the challenge of changing audiences and budget reductions to create a sustainable service. The funding was used for staff training, funding strategy, fundraising activity and feasibility work. The latter was commissioned to a company called Prince and Pearce, with the final Museum Resilient Report (full title: The Future Resilience of Herefordshire Council Museum Service) published on the council website (see appendix 1 for link). In summary its findings recommend, that:
- the museum service is outsourced to a host organisation
  - after a period of time a separate trust is potentially established for the museum service
  - five years of planned council funding is invested over three years giving early investment to an outsourced service with other sources of funding
  - staff are Tupted to the host organisation to concentrate on their skill set of managing collections and hosting exhibitions, whilst the expertise of the host organisation is maximised to create a more commercial footing for the service and use of back office services.

### **Externalisation of service**

20. In October 2016 cabinet decided to run a soft market test for the operation of the library service. A trust option was outlined in the cabinet report of March 2016 on the museum service, and in October 2017 the cabinet member decided to extend the soft market test to museums and archives. Soft market testing is a commonly used tool to gauge the market interest in operating services and helps inform decision making and options for

procurement process. This is not a procurement in itself with the suppliers providing feedback voluntarily in commercial confidence.

21. The soft market test took place toward the end of 2017 and the feedback results are published on the council website (see appendix one for link). There were 14 expressions of interest with five submissions received - one of these submissions was a statement rather than a completed form. The remaining four submissions were from two local organisations and two that operate out of the county. All four have a track record in running cultural / leisure services, and all would be interested in the full range of services. One submission outlined setting up a new “sister” trust, the others looked at services being part of their own operation as the lead provider but with potential partners.
22. The council has a statutory duty to provide a library service (see legal section) though no minimum provision is specified. There is also a range of legal requirements linked to the archive service. These requirements would be included in any specification / contract along with any other important element related to service level. It would be expected that the historic artefacts and archives are retained in the ownership of Herefordshire Council (with some items held by the council but not owned by the council).

### **Hereford Library and Museum**

23. In January 2017 Hereford Library and Museum reopened after refurbishment. Further works have been authorised to repair the roof, with work due to start in May and complete by July 2018, and then some redecoration works particularly in the Woolhope Club room. After these works there will remain in the region of £230k from the original allocation of £1m.
24. Hereford Library Users’ Group (HLUG) presented proposals for the redevelopment of the site, with cabinet response on 9 May 2016 for HLUG to progress their plans to return to the council with worked up proposals within a two year time scale, with the council holding funds to match any capital raised for development of the building. Under “31 Broad Street Project” HLUG developed feasibility with the financial support of a council grant as part of the Library and Museum Fund. However, in September 2017 HLUG advised it had decided not to continue with the project at the current time as it believed there was a conflict with the Museum Resilient Report being conducted. To date any spend on essential works and refurbishment has been funded by council.
25. The following options for the remaining spend for Hereford Library and Museum Building are:
  - Cease capital spend on Hereford Library  
Saving: £230k.
  - Bring into use the first floor space currently underutilised with spend on fixture, fitting and access to create a flexible space. To include a public study space, an area for multi-agency-office (six desks), chargeable events/activities and history displays to support Herefordshire History websites, display items from the museum and archive collections  
Estimate cost: £150k
  - Use as match funding to expose the roof light of historic importance but as aesthetic rather than essential would look to external funding  
Estimated cost £30k as match funding (total cost in the region of £100k).
26. **Archives held at HARC** – there are approximately 1 year to 18 months of available space for archive records (see above). However, some archives are stored at HARC on behalf

of estates and families but permission has not been given to be available to the public. Therefore the options are:

- To negotiate with the families / estates to be made available for public use
- To charge for their storage if not available to the public
- Relocate to closed storage as a cheaper option
- Return to the family.

**Schools library service** - The school's library service has been operated by the council for many years. However, there has been a decline in the schools purchasing the service having an effect on the income target of £66k. The decline is likely due to schools having to make choices regarding their expenditure and the nature of how children access books. It is proposed a review of service takes place to consider any future option in consultation with the schools.

## Community impact

27. In relation to this report in accordance with the council's code of corporate governance, Herefordshire Council is committed to promoting a positive working culture that accepts, and encourages constructive challenge, and recognises that a culture and structure for scrutiny are key elements for accountable decision making. The council achieves its intended outcomes by providing a mixture of legal, regulatory, financial and practical interventions. Determining the right mix of these is an important strategic choice to make to ensure intended outcomes are achieved. The council needs robust decision-making mechanisms to ensure our outcomes can be achieved in a way that provides the best use of resources.

## Equality duty

28. Under section 149 of the Equality Act 2010, the 'general duty' on public authorities is set out as follows:
- A public authority must, in the exercise of its functions, have due regard to the need to -
- (a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;
  - (b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
  - (c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.
29. The Equality Act 2010 established a positive obligation on local authorities to promote equality and to reduce discrimination in relation to any of the nine 'protected characteristics' (age; disability; gender reassignment; pregnancy and maternity; marriage and civil partnership; race; religion or belief; sex; and sexual orientation). In particular, the council must have 'due regard' to the public sector equality duty when taking any decisions on service changes.
30. The recommendation in this report does not have an impact on protected characteristics; though this will be considered in any recommendation to cabinet based on service change.

## Resource implications

31. The above information outlines issues regarding resourcing, including savings achieved and future residual savings targets. The following information gives an outline of expenditure:

Service / function	£							
	Rent	Rates	Utilities	Revenue Budget	Income	Staffing	County Book Fund	Total
Hereford Library / Museum	0	20,699	6,389	2,822	-27,912	147,740	54,019	203,757
Ross Library	-19,300	21,553	6,554	1,795	-14,552	112,491	25,496	134,037
Leominster Library	188	24,908	6,104	1,002	-17,067	127,611	32,765	175,511
Ledbury Library	0	7,107	0	4,796	-15,172	47,274	13,363	57,368
Kington Library	0	5,825	2,740	141	-1,440	18,588	7,916	33,770
Bromyard Library	0	0	0	18,038	-1,382	4,276	6,215	27,147
Schools and Delivered Library Services	0	0	0	11,401	-66,093	99,057	33,301	77,666
Community libraries	1,029	0	0	0	-13,637	0	17,484	4,876
County Library Team	0	0	0	91,569	0	209,560	15,440	316,569
Black and White House	0	7,511	586	12,350	-40,800	52,700	0	32,347
Heritage Management / collections	0	38,320	4,166	10,430	-14,016	67,690	0	106,590
HARC / Archive Service	0	167,063	20,209	20,680	-28,545	240,000	0	419,407
MLA management	0	0	0	5,524	0	104,458	0	109,982
<b>Grand Totals</b>	<b>-18,083</b>	<b>292,986</b>	<b>46,748</b>	<b>180,548</b>	<b>-240,616</b>	<b>1,231,445</b>	<b>205,999</b>	<b>1,699,027</b>

Notes:

- Figures are rounded up.
  - Site costs are based on actuals for 2016/17 financial year and revenue based on 2018/19 budget.
  - That the staffing for market town libraries is with north and south teams which work flexibly across sites. North: Kington and Leominster; South: Ledbury, Ross and Colwall.
  - Hereford Library is typical rates for the year. 2016 received a rates rebate due to not being open.
  - Community libraries – a high level of income is shown because the council receive an income from Colwall Parish Council to pay for staffing. Small levels of income are from stock charges. Not shown is the contribution from the county library service to the community libraries for stock management, training and IT access.
  - The county book fund is one budget but shown here as divided between the sites and serviced to give the value of operating costs
  - The cost of running the county courier services is included in the delivered services costs as an integrated cost.
32. Options as outlined above will also impact on corporate costs, primarily:
- Reducing opening will result in reduction of staff pay and potential redundancies
  - Only the closure of sites will have an impact on premise costs such as IT and utilities. The reduction in hours will have little impact on these costs.
  - Management costs have been reduced significantly in the last year which will impact on the some delivery and strategic work, or supporting the co-ordination and reporting to user and development groups
  - Project management cost likely for any external procurement.
33. A consideration based on the options outlined above is charity rate relief. Registered charities can receive an 80% mandatory relief on business rates if the property is used for charitable purposes. Registered community amateur sports clubs (CASCs) are also entitled to 80% relief on any non-domestic property that is mainly used for the purposes of



that club. Groups / charitable organisations may also be entitled to up to 20% discretionary rate relief top up. The council receives a proportion of the rates at 49% of the current billed amount, therefore with rate charge of the £292k paid by the council for MLA services £143k is retained by the council as income. Therefore, a net cost saving would be £149k if the building was successfully transferred to an organisation eligible for rate relief. However, from 2020/21 the arrangement is set to change with Herefordshire Council retaining 75% of rates, which means the savings will fall to £73k.

## Legal implications

34. Section 7 of the Public Libraries and Museums Act 1964 (PLMA 1964) states that 'it shall be the duty of every library authority to provide a comprehensive and efficient library service for all persons desiring to make use thereof.' When fulfilling its duty under section 7, a local authority must have regard to the desirability:
  - Of securing that facilities are available for the borrowing of or reference to books and other printed matter, pictures, gramophone records, films and other materials
  - That these facilities are sufficient in number, range and quality to meet the general and special requirements of adults and children
  - Of encouraging children and adults to make full use of the library service.
35. If the secretary of state is concerned that a library authority is in breach of this duty s/he may order a public inquiry. The remodelling of library services across the country has generated several legal challenges in years. These legal challenges have tended to focus on whether the authority has complied with its obligations under the Equality Act 2010 - the public sector equality duty (PSED). This duty imposes a positive obligation on local authorities to promote equality and to reduce discrimination in relation to any of the nine 'protected characteristics' (age, disability, gender reassignment, pregnancy and maternity, marriage and civil partnership, race, religion or belief, sex, and sexual orientation). In particular, the council must have due regard to the PSED when taking any decisions on service changes. However, it is also recognised that local authorities have a legal duty to set a balanced budget.
36. The archive service is not a statutory service but does support the legalisation the council is required to comply with:
  - Local Government (Records) Act 1962 - discretionary powers for local authorities to provide certain archives services. Section 1(1) of this act says that 'a local authority may do all such things as appear to it necessary or expedient for enabling adequate use to be made of records under its control'. The act was amended in 2003 to cover all county councils, all London boroughs, metropolitan districts and unitary councils.
  - The Local Government Act 1972 (s.224) requires local authorities to 'make proper arrangements with respect to any documents that belong to or are in the custody of the council of any of their officers'. In 1999 the Department for the Environment, Transport and the Regions (now the Department for Communities and Local Government) issued guidance on the interpretation of the term 'proper arrangements'.
  - Additional requirements with regard to access to information in records and archives, affecting local and regional authorities, relates to the Data Protection Act 1998, the Freedom of Information Act 2000 and the Environmental Information Regulations. These include a statutory right for the citizen of access to information, subject to certain exemptions and conditions.

37. The library and museum site at Broad Street is in the ownership of the council but is subject to covenants on the title, restricting its use, such that it cannot be used 'for any purpose whatsoever other than for the purpose of a free library'.

## Risk management

38. There is minimum risk based on the recommendation, and future risk will be based on recommendations to cabinet. The below outlines some of the potential risks:

Risk / opportunity	Mitigation
Unable to achieve savings targets outlined in the MTF5 impacting on the council's prudent budgeting.	Future plan for income and savings plans.
External supplier not meeting the needs of customers and council requirements.	Specification requirements included in tender documents and contracts.
Judicial review based on reduced library service.	Impact assessment and consultation on any major change to service level.
Reputation risk based on reduced service.	Full consideration of impacts of reduced service.

## Consultees

39. Consultation has taken place with key user and interest groups through:
40. **LGA Peer Challenge** for Museums, Libraries and Archives (May 2017). During the course of the peer challenge the team spoke to more than 45 people including a range of council staff, councillors, external partners and stakeholders including the HLUG, JAHL and Friends of Herefordshire Archive. The results are included in the peer challenge report.
41. **Museum Resilient Report** run in partnership with the HMSSG (January 2018). During the course of the study 38 people were consulted including museum staff and relevant council officers, along with 18 representatives of external groups including HLUG, Friends of Herefordshire Archive, and JAHL.
42. **Feedback for the Museum Resilient Report and Soft Market Test** (March 2018). Responses received from Unison, Ross Library Development Group, HMSSG, JAHL, Friends of Herefordshire Archive, Hereford Library Users Group (HLUG), Woolhope Naturalists' Field Club, there were also staff comments.
43. Three key questions were asked (see below for responses) and the respondees were able to add any additional comments with 41 pages of responses:

Stakeholder responses	yes	no	Not stated, don't know or other
Do you agree with the principles for the way forward outlined in the Resilient Heritage Report?	1	2	4
Do you agree with the preferred operating model in the Resilient Heritage Report?	1	2	4
Do you agree with the conclusions of the soft market test?	1	6	-

44. Concerns raised with externalising the services included:
- The assets and objects should not be managed by an external company
  - Any change should bring the museum, library and archive services together
  - The services should be recognised for their difference and distinctness and treated separately
  - Level of funding of concern and should not be an expectation of zero funding
  - Accountability of an external organisation
  - Not experience in museums or archives
  - Lack for financial justification
  - Need stability in the services
  - Concerns over future staffing
  - Not enough detail to make comment
  - Specification requirement included to protect services.

## **Appendices**

Appendix 1- Summary of decisions and documents

Appendix 2 – General Scrutiny Committee presentation Museums, Libraries and Archives  
9 April 2018

## **Background papers**

None