

MEETING:	CABINET
MEETING DATE:	19 SEPTEMBER 2013
TITLE OF REPORT:	OPTIONS FOR MUSEUMS, CUSTOMER SERVICES AND LIBRARIES
REPORT BY:	DIRECTOR FOR ECONOMY, COMMUNITIES AND CORPORATE SERVICES
CABINET PORTFOLIO:	CORPORATE AND ASSESTS; AND ENTERPRISE AND CULTURE

1. Classification

Open

2. Key Decision

This is a Key Decision because it is likely to result in the Council incurring expenditure which is, or the making of savings which are, significant having regard to the Council's budget for the service or function to which the decision relates; and

this is a Key Decision because it is likely to be significant in terms of its effect on communities living or working in an area comprising one or more wards in the County.

NOTICE has been served in accordance with Part 3, Section 9 (Publicity in connection with key decisions) of The Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012.

3. Wards Affected

County-wide.

4. Purpose

The purpose of this report is to present to Cabinet the options for the future operation of Museums, Customer Services and Libraries and in the light of budget pressures and changing trends in accessing services; and for Cabinet to make a decision based on the options presented.

5. Recommendations

THAT:

- (a) For Customer Services and Libraries, the Option 2 (Core Service with Top Up) be implemented as a preliminary decision;**
- (b) For the Museum service, that Option 2 (Reduced Service Option) as a preliminary option be implemented whilst Option 3 (discussions with existing trusts) commence; and**

- (c) **The Director for Economy, Communities and Corporate services, in consultation with the Cabinet Members for Enterprise and Community and Corporate and Assets, be delegated to finalise details of the options to be implemented.**

6. Alternative Options

That a decision is delayed until further research and consultation has taken place. This will have an impact on meeting savings targets for 2013/14 and future years.

7. Reasons for Recommendations

- 7.1 To enable actions to be progressed to deliver in year budget savings and ensure that council resources are prioritised to support those in need of services. The recommendation considers the findings from the equalities impact and needs assessment, and specifically the customer feedback via the impact survey and comments from stakeholder focus groups.
- 7.2 For the museum service the chosen option will realise achievable financial savings, satisfies the obligations to the Heritage Lottery Fund, maintains the integrity of the Herefordshire collection and provides the platform for a sustainable future for the service within a model which is delivered by preferred external partner to the council.
- 7.3 The recommendations are seeking approval for preliminary service changes. Further changes to the services will need to be considered in the context of future financial pressures across the local authority, and having due regard to the impact on service users and local people. Therefore whilst the recommended options are immediately instigated, the future level of the services will be evaluated next to wider impacts for residents when setting the budget for the whole authority.

8. Key Considerations

Background

- 8.1 The future operation of museums, customer services and libraries is being considered in light of the budget pressures and changing trends / usage which have shifted over the years.
- 8.2 These trends reflect a combination of factors that include opportunities to access services digitally; availability of books which has broken down many of the old barriers to enabling a range of reading choices; a trend within both the public and private sectors to empower customers to “self-serve”; and growth of community lead schemes such as community libraries.
- 8.3 The growth “self-serve/community delivery” is reflective of the changing nature of local government where services are more relevantly delivered at a very local level with less centralised control. Across the country local authorities are tackling the balance of covering the cost of operating libraries and customer service centres whilst meeting local expectations and needs.
- 8.4 Reflecting of the changing nature of library services the Government made available funding to formulate local library strategy. Herefordshire in partnership with Shropshire was one of ten national projects to review the development of services through sharing approaches to create cost-effective services in a time of financial pressures. This was an independent study conducted in 2011 by Shared Intelligence which involved stakeholder consultation. Recommendations in the study have supported and directed change within the library services with many of the points made still relevant and have contributed to the options of this Cabinet Report.

8.5 Though some of the functions that are delivered are different in nature, customer services and libraries are being considered as one service due to their core purpose of direct customer contact. Also, customer services and front of house library staff have already integrated as one team on joint sites - the front of house library staff joined customer services in 2011 as part of a continuous programme of integrating sites and staff.

8.6 Details of the options for customer services and libraries are outlined in Appendix 1.

The Museums have a different range of customers and requirements. These options are explored in Appendix 2.

8.7 **Policy Context**

The proposed options are reflective of the policy framework in which Herefordshire Council is operating:

Corporate Plan Corporate Plan 2013/14 - specific areas of relevance:

- Public services are prioritised to support those in need of services to maintain their independence or stay safe.
- Ensuring that all council and partner delivery services are responsive to customer needs, engage customers effectively, and enable access to services at as local a level as possible and information through the most appropriate channel.
- Maximising self-help where possible, focussing on prevention and demand management, and diverting unnecessary demand on services.

Herefordshire Digital Strategy (Cabinet, April 2013) – outlines the intention of providing excellent online transactions to aid access to a range of services through digital channels.

Digital County (Cabinet, September 2012) – ambition for the county in being at the forefront of digital opportunity supported through faster broadband across the county, improved services through the use of technologies, and mobile coverage in “not-spot” areas.

8.8 Based on policy and trend, the principles to the options for museums, customer services and libraries apply:

- Empower communities to be involved in service delivery and encourage customers to access services independently.
- For face to face services to be designed for people who need them most.
- Deal with customer queries one time and first time, ensuring a cross authority approach to effectively dealing with customer requirements.
- Based on value for money, all services are delivered digitally where relevant and possible, supported by a strong internet presence including the need to further develop of the online museum catalogue.
- Continue the journey of integrated services including with other organisations and the community, spreading resources and creating opportunity to access a range of services at the same time.
- The future operation of museum and heritage services considered in the light of budget pressures facing the authority with the objective of securing curatorial

expertise, storage and access to the Herefordshire collection for leisure, research and for the cultural health of Herefordshire whilst achieving quantifiable financial savings.

9. Community Impact

- 9.1 There were 652,530 visits to libraries in 2012/13, with 31.36% of the Herefordshire population classed as active borrowers; this is along with 120,300 queries to customer services between January 2012 and May 2013. For museums there were 134,579 visits during 2012/13; also evidence from the economic impact of museums and heritage indicates that the service generates a wider economic benefit of £5,603,493 (economic tool kit).
- 9.2 Community impact is also considered in Appendix 1: Part 2 of the equalities impact and needs assessment for customer services and libraries.

10. Equality and Human Rights

The equalities impact and needs assessment for customer services and libraries is in Appendix 1: Part 2. The findings of the assessment are based on the impact survey, customer data, national research and stakeholder feedback. As a result of the combined finding equalities considerations need to be given to the following characteristics.

Age – Children

- The evidence suggests that young children benefit from a library service in terms of their reading and education attainment.
- Families in crisis affecting children's prospects and development.

Age – Older

- Impact study found high use of service by 65+.
- Less likely to use the internet to access service.
- At risk of isolation.

Disability

- Less likely to use the internet.
- Isolation and mobility challenges.
- Use of services such as talking books.
- Multiple disabilities need to be considered.

Poverty

- Less likely to afford computer and access to the internet.
- Higher use of public access PCs.
- Less funds available to spend on travel.
- Combined factor of being in crisis.

Rural

- Access to services locally.
- Reduced options for public transport.
- Combined factor with poverty, disability and age to create isolation.

11. Financial Implications

- 11.1 The financial constraints on the Council are also well known and very real, and the Council faces significant continuing reductions in central government funding. By 2015 the Council's government grant will be an estimated 33 per cent lower than it was in 2011. Over the past two years the Council has reduced costs by £21.1 million through efficiency savings and service reductions. This year the Council needs to deliver savings of around £12.9 million and in the next two years a further £23.1 million. Furthermore, inflation has significantly reduced the value of the

Council's income.

The chart below sets out for each year and cumulatively, the costs the Council has taken out and needs to take out, for each of those years, alongside cumulative savings. These savings include savings that are over and above the direct government cuts, as they include a range of cost pressures such as the effect of inflation (which is cumulatively 14 per cent for the four years up to 2014/15) and the rise in demands on our services, most intensively, of course, in adult social care.

Year	Savings made in year	Cumulative savings since April 2010
2011/12	£10.3 million	£10.3 million
2012/13	£10.8 million	£21.1 million
2013/14	£12.9 million	£34.0 million
2014/15	£11.0 million	£45.0 million
2015/16	£12.1 million	£57.1 million

11.2 National data has shown that face to face delivery of services costs more compared to phone and web (ref: SOCITM Insight, Cost to Service Average, 2011):

Average face to face cost: £7.40

Average phone contact cost: £2.90

Average web contact: 32p

11.3 Summary Budget

The budgets of customer services and libraries are interdependent with customer services' budgets mainly consist of staffing (covering both customer services and library functions). Other costs cover some premises, printing, stationery, phone, IT, software licences.

11.4 Summary Budget Customer Services

Area	Gross Costs	Income	Nett Costs	Corporate	Total
Central	1,098,058	-214,856*	883,202	573,439	1,456,641
South	404,923	-8,850	396,073	99,204	495,277
North	387,899	-548	387,351	164,566	551,917
Total	1,890,880	-224,254	1,666,626	837,209	2,503,835

Note: *includes specific service level agreements to run services at Franklin House.

11.5 The library service costs cover premises as well as providing the functions of supporting the management of the stock; stock purchasing; reading clubs, delivered services to house bound; developing and enabling community libraries, back office library staff, cost of public access PCs., etc.

11.6 Summary Budget for Library Service

Area	Gross Costs £	Income £	Nett Costs £	Corporate Costs £	Total £
Staffing Libraries	383,374		383,374		383,374
Staffing Delivered Services	78,629		78,629		78,629
Premises & Other Running Costs	407,638	-126,075	281,563	128,437	410,000

Delivered Services	53,663	-90	53,573	40,701	94,274
Stock	238,000		238,000	117,019	355,019
Total	1,161,304	-126,165	1,035,139	286,157	1,321,296

11.7 Summary Budget for Museums

Area	Gross Costs £	Income £	Nett Costs £	Corporate £	Total £
Heritage	487,553	-32,937	454,616	175,278	629,894

11.8 Corporate costs relate to the allocation of support services such as Legal, Finance, HR, ICT and Property. Any savings as a result of these options will be minimal but will be captured within Corporate Services saving schemes. These costs also include other corporate costs that relate to accounting entries required in line with Service Reporting Code of Practice.

11.9 The current savings are based on existing targets, other savings were identified for the May 2013 full Council meeting.

Area	Outstanding savings *	2013/14**	2014/15**	2015/16**	Totals 000's
Customer Services	77,000	80,000	360,000	440,000	957,000
Libraries	0	250,000	500,000	0	750,000
Museums	0	193,500	231,000	37,500	462,000
Totals	77,000	523,500	1,091,000	477,500	2,169,000

*any savings achieved to meet existing targets not yet delivered the service in the first instance to meet base budget requirements

**to contribute to adult and children well being pressures

11.10 Since April the following savings have been made:
£60,000 customer services – based on no replacement of staff or renewal of contracts which has led to some reduction in opening hours.
£55,000 library service on no replacement of staff and reductions in subscriptions.
£50,000 museums – based on vacancies in year and efficiency savings.

11.11 2012/13 savings were achieved based on:
£47,000 for customer services
£38,000 for museums (part of the Cultural Services Review)

11.12 Savings for Customer Services and Libraries

Service Area	Existing Nett budget £	Option 1 savings £	Option 2 savings £	Option 3 savings £	Option 4 saving £
Customer Services	1,666,626	180,000	328,000	737,000	not identified
Libraries	1,035,139	86,000	97,000	825,000	not identified
Totals	2,701,825	266,000	425,000	1,562,000	not identified

11.13 Savings for Museums

Service Area	Existing Nett budget £	Option 1 savings £	Option 2 savings £	Option 3 savings £	Option 4 saving £	Option 5 saving £
Museums	454,616	308,829	239,274	220,124	48,013	129,920

11.14 Therefore, the recommendation for customer services and libraries creates a saving of £425,000 – this is short of the target saving presented in May 2013 (combined with the outstanding target saving) of £1,282,000. For museums the recommended option generates a savings of £239,274, which is short of £222,726 of savings target considered at Full Council.

12. Legal Implications

12.1 The Libraries and Museums Act 1964 requires the council to provide a 'comprehensive and efficient' library service. If the Secretary of State is concerned that a library authority is in breach of this duty s/he may order a Public Inquiry. This has only ever happened once: in Wirral in 2009, where the council abandoned proposals to close 11 of its 24 libraries.

The remodelling of library services has generated several legal challenges in recent years.

These legal challenges have tended to turn on whether the authority has complied with its obligations under the Equalities 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, the courts also recognise that local authorities have a legal duty to set a balanced budget and that council resources are being reduced by central government.

Where a decision is likely to result in detrimental impact on any group with a protected characteristic it must be justified objectively. This means that attempts to mitigate the harm need to be explored. If the harm cannot be avoided, the decision maker must balance this detrimental impact against the strength of legitimate public need to pursue the service remodelling to deliver savings. The more serious the residual detrimental impact, the greater the financial savings must be to justify the decision. The harm can only be justified if it is proportionate to the financial benefit and if there have been reasonable efforts to mitigate the harm.

There are no statutory requirements for the provision of a museum service. There are some legal implications with reference to the council's responsibilities for the collection which would make any attempt to dismantle the collection very costly.

Herefordshire council has a 25 year contract with the Heritage Lottery Fund (HLF) who provided £1.2 million funding for the Museum Resource and Learning Centre. There is 19 years left of this agreement to run. The HLF have indicated that they would seek to reclaim funding if the facility was closed, if its purpose changed from

its original purpose and if access to the collection was not maintained.

13. Risk Management

13.1 Each of the appendix reports for Museums, Customer Services / Libraries address the risk related to the options presented. The risks below are general considerations in the delivery of change and rated after mitigation.

Risk No.	Risk	Mitigation	Likely rating	Impact rating
1	Budget savings are over optimistic.	Confirmation of achievability by the accountants.	2	4
2	Staff capacity and involvement in delivering changes.	Pre and post cabinet involvement of staff.	3	4
4	IT and web capacity to deliver change.	Ensure priority list for web access improvements.	3	4
5	Negative media coverage affecting reputation.	Explain rationale of decisions and work with local user groups and council to explain reasons for the changes.	5	3
6	Decision on options delayed having an impact on delivery of savings.	Consider alternative options for savings within the Directorate.	3	4

Key

LIKELIHOOD	IMPACT
5 Certain	5 Catastrophic
4 Likely	4 Major
3 Possible	3 Moderate
2 Unlikely	2 Minor
1 Rare	1 Insignificant

14. Consultees

14.1 Consultation is itemised in each of the Appendix reports.

15. Appendices

15.1 Appendix one: Options for Customer Services and Libraries
Appendix two: Options for Museums

16. Background Papers

16.1 None identified.