



Joint Action for Herefordshire Libraries

Submission to Herefordshire Council General Scrutiny Committee, 9th April 2018

Soft Market Test – Libraries, Museums and Archives: Feedback Report (pub January 2018)

1. Introduction

J AHL recognises both the need to contain costs and the efficiencies achieved by the Library Service over the last 5 years. The Service is still improving. The unique opportunities it has for economies of scale are unlikely to be available to sub contractors. This means that maintaining the service in house is always likely to be more cost effective than sub contracting to inexperienced suppliers who may be looking to make a profit. J AHL contends that keeping this service in house is both a safer and more effective way of meeting the statutory requirements of the 1964 Public Libraries Act.

As a Statutory Service, the Council would not lose its responsibilities by sub contracting. For example if there were a data breach, the Council would be responsible for the damages, which could be costly, whilst not having direct control over the system.

The Library Service is an asset to the Council and supports its four main objectives. J AHL would not support such an integral service being sub-contracted.

J AHL's detailed response to the public consultation on the report "*Soft Market Test – Museums, Libraries and Archives – Feedback Report*" is attached for reference.

2. Summary of Key Concerns

- The report contains no financial justification for sub contracting;
- There are no standards of performance indicated, and no justification to support the premise that suppliers could deliver a satisfactory service;
- The process is unclear and so far there is no Specification of Services. This increases the risk of failure;
- There has been no dialogue between the suppliers and the user groups and there is no evidence that the suppliers have any understanding of the unique nature of the individual libraries and their buildings.
- The user groups were not consulted on the scope of this exercise;
- There is no indication of cost/price/funding limits, nor is there a clear definition of the service required to meet statutory requirements. There is no indication that statutory requirements can be maintained.
- The report refers to 'zero subsidy being a challenge'. This indicates that the suppliers do not believe they can provide a cost neutral service but will need additional funding. There is no indication as to the extent, or how the Council would provide this.
- The report provides an incomplete option appraisal as it does not include retaining libraries within the council structure as an option.
- Suppliers often operate for profit. This would add an additional cost to a statutory public service. Again this supports the increased cost effectiveness of keeping this service in house.
- The three services need to be considered independently. (libraries, museums, archives)

- There is no mention of Delivered Service, Schools Service or community libraries, nor that community libraries can only function with back up from the professional librarian team.
- There is no recognition of the fact that libraries provide the only computer access for a substantial number of the population. Losing this would damage the economic well being of the community.

3. Some key points

- There has been a 40% reduction in opening hours over 10 year
- During that time staffing levels have been reduced.
- As a result the service at this time starts from a low base.
- Despite this the Library Service has remained innovative e.g. obtaining HLF money for the Master's House, project managing the Herefordshire History digitising programme, and using libraries as a venue for Children's Services and the DWP.
- The Service buys books through a consortium of West Mercia libraries gaining substantial discounts (40%+) via a library consortium. The ability to maintain the standard of book buying is key to the high value placed on the service by residents, and its overwhelming popularity.
- Other libraries around the county that have been subcontracted have had to be taken back under direct council control e.g. Croyden, Hounslow, Harrow.

4. Questions to consider in the event of exploring further the sub contract option.

- 1) Who will assess the bids? Is there sufficient expertise in the HC to do so properly?
- 2) How transparent will the process be?
- 3) What protection will there be for the employment terms of current **and future** staff?
- 4) What level of profit is HC willing to fund for the contractor?
- 5) What discussion has there been with the charity commissioners about the legality of statutory services gaining charitable status?
- 6) How will HC ensure that the services will be of a sufficiently high professional standard?
- 7) How will success or failure be measured?
- 8) If there is a successful tender, what break clauses and other safeguards will there be in the event of failure of a subcontracted service provider?
- 9) Given the cost of this process, how long does HC anticipate that it will take to recover these expenses from projected savings?

5. Background Information

The 1964 Public Libraries Act gives Councils a statutory duty to provide a comprehensive and efficient public library service. JAHl recognises that it also implies a need for the Library Service to be cost-effective, and that HC has a duty to council tax payers to ensure value for money. The Service belongs to those tax payers and they strongly support it. The Service is an integral part of the Council's four main objectives.

Currently, the service is poorly-funded. There have been big cuts, e.g. almost 40% reduction in opening hours, staff cuts, and withdrawal of all staff and at-site funding from village libraries. Despite this, the in-house team have continued to be innovative and ensure that the book stock is maintained, through buying at substantial discount.

Outsourcing the library service would be a fundamentally flawed approach. The loss of the economies of scale available to the current Service would offer poor value for money, and together with the need for a sub contractor to make a profit would lead to increased costs. In addition the concept of running a library service for profit is incompatible with a service that is free at the point of use.

The four expressions of interest offer very little in the way of relevant experience in the library sector. This, together with the recent experience of Carillion, suggests that were HC to go for sub contracting, they would not only risk incurring increased costs, but may find themselves in breach of statutory requirements. Examples of failed outsourcing arrangements now seen elsewhere in the country are cause for concern.

No public consultation was carried out about the “soft market test” exercise. Nor to date, has JAHl been given access to the full documentation relating to this. This is particularly disappointing given the excellent working relationships between the user groups and the Library Service. We believe the public should have been consulted on the basic premise of outsourcing before inviting third parties to express an interest in tendering. Without this, we have seen no evidence that the concept of outsourcing, and the process being followed, are anything other than fundamentally flawed and not in the public interest.

Public support for libraries remains strong. Whenever investment is made in them, it increases usage and the public good. Paid for by the public, libraries represent social capital that belongs to them. JAHl recognises that responsible councils have a duty to balance the books, and that expenditure on providing any service must offer value for money. Despite being poorly funded, Herefordshire’s Library Service is the most cost effective in the country.

6. Notes on the Feedback Report

As demonstrated above, the Feedback Report is vague, with inadequate and inaccurate information. JAHl believe this reveals a deeply flawed process that is not a robust enough basis in which to make decisions.

The Report’s conclusions about the capacity and experience of the four organisations expressing interest, is over-optimistic. The Report asserts that *“all four have a valid track record in running cultural and leisure services, and all [are] interested in the full range of services.”* So far as we are aware, The Courtyard has *no* relevant experience of running a library service, and Halo Leisure’s experience in libraries is limited to providing a simple front desk service to Bromyard Library. This does not provide convincing evidence of their capacity to run the service in all its complexities.

No evidence has been provided to support the premise that the four organisations understand the nature of the library service in Herefordshire. No mention is made of various key aspects of the service, for example the volunteer-led libraries, the Delivered Service, the Schools’ Service and the provision of computer access. There is no evidence of any awareness of the extent of the cuts already made to the Library Service over recent years, and no evidence of understanding the importance of having a professionally-led service.

7. Note on the Process

At a meeting of stakeholders in November 2017, HC's lead officer (Natalia Silver) stated that if councillors decide to proceed with a tendering exercise, it would be limited to those who expressed an interest in bidding. J AHL would like clarification as to whether or not that is still the case.

8. Risks

In the current economic climate there is too much evidence of the serious risks that threaten outsourced services. As mentioned above, Croydon's Library Service is a case in point. Originally outsourced to John Laing Integrated Services, JLIS were taken over by Carillion. Both companies had their roots in the building industry and had no experience of library management. Following the outsourcing, there were numerous redundancies among experienced library staff in Croydon, and a spate of complaints about the declining standards of service in the libraries. Following the collapse of Carillion, Croydon Council had to take back and restore the library service in house.

9. Conclusion

On the basis of the Feedback Report, J AHL sees no evidence to support the idea of outsourcing Herefordshire public libraries and believes this approach to be fundamentally misguided. Public services, and the disbursement of public funds, must be properly democratically accountable. The business case, based on the Feedback Report, is unconvincing.

Whilst J AHL has detailed a response to the Feedback Report, this is not in any way giving our approval of the general philosophy of outsourcing. The recent collapse of Carillion has clearly exposed the fundamental flaws in trying to run a public library service, which is free at the point of delivery, as a commercial 'for profit' entity.

We ask the General Scrutiny Committee to take into account both our serious concerns and the lack of evidence to support sub contracting in their advice to Cabinet as to the way forward. J AHL and the individual user groups remain ready and willing to work with the HC Library Service in continuing to identify both economies and innovative ways to ensure the sustainability of the Service as a key asset of HC.