

**Integrated Tri-borough Library Service  
Tri-Borough Service Plans and Proposals**

**Cabinet Meeting**

**20 June 2011**

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# 1. Executive summary

## Business case recommendations

- To note and agree the business case and thereby agree to create an integrated library service across the three boroughs.
- To set up a joint steering group of two Members of each participating Borough to supervise further refinement and implementation of the proposals.
- To note the financial projections in the business case and to incorporate these, as amended and refined at lower levels of detail into the budget planning process for 2012/13.
- To establish and implement a procedure for appointment to the senior management structures to be effective from November 2011.
- To refer the proposals for further comment by scrutiny committees and to authorise formal consultation with Trade Unions and communication with staff.

## Background

In February 2011 Hammersmith and Fulham, Kensington and Chelsea and Westminster City Council agreed a number of tri-borough proposals including exploring the creation of an integrated libraries and archives service.

The provision of public libraries is a statutory responsibility for local authorities under the 1964 Public Libraries Act. Public libraries provide access to a wide range of materials, information, knowledge and services to meet the present and future reading, learning and information needs of local communities. They are very popular and heavily used (5 million physical visits in the three boroughs last year).

As well as keeping a good stock of books and computers for customer use, modern libraries are fundamental to inspiring and enabling learning and reading. Libraries support the delivery of priorities relating to well-being and health, skills and learning, and active and sustainable communities. For many residents and visitors, the local library is the face of the council in their community.

Libraries offer a universal service that contributes to many outcomes and aspirations in the wider strategic plans of each of the boroughs, such as supporting children to enjoy and achieve, and to make a positive contribution and helping older people enjoy a better quality of life and well-being. Libraries can assist businesses, entrepreneurs, and the local economy, through information and events and they support improving health through health information programmes such as books on prescription initiative.

Libraries already work in partnership with many organisations, bringing them into the library, and taking the library service into other settings. This means that our libraries can act as an access and entry point into a wide range of other council and agency services, offering information and support to meet community needs.

## What a tri-borough library service will look like

A single managed library service will provide a unique opportunity to sustain excellent frontline services and deliver customer outcomes, whilst also ensuring that local sovereignty is preserved.

The creation of a single library service will help insure the resilience and sustainability of the public library offer in each tri-borough authority.

Specific customer benefits that will be realised through the initial combined management structure and service remodelling include:

- Individual libraries becoming the gateway to a wider tri-borough service offering, enabling users to access a wider range of books and other materials including the specialist collections held by each borough. Users will also benefit from the differing specialist expertise and experience of staff.
- Consistency of service standards across the three boroughs - customers will receive a high quality customer experience regardless of geographical location or access channel (face-to-face, telephone or web).

A tri-borough library service will be delivered in four phases. Phase 1 will see the creation and approval of a detailed business case. Phase 2 will see the implementation of a single management structure and design of a single operational structure. During phase 3 a single operational structure will be implemented and during phase 4 alternatives for new delivery or trading options will be considered.

## Savings proposals

This business case outlines a set of verified proposals that will provide savings opportunities for each of the tri-borough partners. A summary of savings opportunities can be found in the table below.

|                              | Financial Savings (£) |                |                | Grand Total      |
|------------------------------|-----------------------|----------------|----------------|------------------|
|                              | 2011/12               | 2012/13        | 2013/14        |                  |
| Single management structure* | -                     | 315,934        |                | 315,934          |
| Service efficiency           | -                     | 173,754        | 57,918         | 231,672          |
| Integrated core service      | -                     | 420,115        | 140,039        | 560,154          |
| <b>Total</b>                 |                       | <b>909,803</b> | <b>197,957</b> | <b>1,107,760</b> |

In addition to the financial savings outlined in this business case there are a number of areas where additional savings could potentially be gained following the implementation of a tri-borough library service. These areas are detailed in this business case but require further work to realise their financial benefits.

All proposals outlined in this business case do not preclude the implementation of any future delivery models, options for which will be considered as part of phase 4.

## **Single management structure**

A single management structure will combine the strategic management of each authority's library service within one management team of four, reducing the number of existing management posts by six.

## **Service efficiency**

Using a detailed transactional model and applying local operational and professional knowledge the number of staff required to operate each of the tri-borough libraries to the required service level can be established. Currently the model outlines that 174 posts are required to run a basic integrated tri-borough lending service (not including reference or specialist services), 8 posts less than the current combined staffing establishment.

## **Integrated core service**

An outline target operating model for the combined service has been drafted. This model provides a basic service offer that will be implemented across all authorities. Additional services can then be commissioned locally by individual authorities.

## **Additional savings areas**

Following the introduction of an integrated tri-borough library service a number of additional savings areas may be realised. These include savings from the provision of an integrated home library service, provision of an integrated archives service, rationalisation of office and book storage space and harmonising contracts and joint procurement.

As integrated tri-borough library service would also help to attract inward investment and provide a greater opportunity to gain external funding.

## **Salary harmonisation**

Analysis has been carried out to identify if savings can be made through harmonising salaries across authorities. A harmonisation arrangement would provide all employees across tri-borough the same terms and conditions. £427,766 can be saved if all staff across the tri-borough library service are harmonised to the lowest salary point for their role.

Whilst salary harmonisation is a logical development it is not appropriate to do this just for libraries. Therefore it would need to be implemented in line with overall tri-borough procedures and timescales. Also there are significant risks in pursuing salary harmonisation in the absence of a proper consideration of different roles and responsibilities. These risks include reduction in quality of service, recruitment difficulties, and significant HR challenges. Therefore salary harmonisation will not be considered at the present time but will be investigated as part of Phase 4, when outsourcing options are considered.

## 1. Business case recommendations

- To note and agree the business case and thereby agree to create an integrated library service across the three boroughs.
- To set up a joint steering group of two Members of each participating Borough to supervise further refinement and implementation of the proposals.
- To note the financial projections in the business case and to incorporate these, as amended and refined at lower levels of detail into the budget planning process for 2012/13.
- To establish and implement a procedure for appointment to the senior management structures to be effective from November 2011.
- To refer the proposals for further comment by scrutiny committees and to authorise formal consultation with Trade Unions and communication with staff.

## 2. Introduction

In August 2010 as part of the government's Future Libraries Programme, Hammersmith and Fulham and Kensington and Chelsea gained project support to explore the feasibility of a shared library service to be delivered or commissioned jointly across boroughs. This included investigating alternative models for delivering library services in what could be an innovative way for both authorities, and which could provide a model for other London boroughs. In late 2010 following the announcement of the tri-borough programme Westminster City Council joined Hammersmith and Fulham and Kensington and Chelsea to identify if an integrated library service could be delivered across all three boroughs.

With the help of external project support, a number of areas where potential savings may be found were identified:

1. the creation of a single joint management structure;
2. sharing specialist and support staff;
3. wider staff rationalisation and improved productivity;
4. harmonising contracts and joint procurement;
5. achieving the move to on-line service provision in an integrated way;
6. rationalising arrangements for storage, the home library service and transport across the three boroughs;
7. adopting a tri borough perspective in relation to the use of assets and buildings

In February 2011 Hammersmith and Fulham, Kensington and Chelsea and Westminster Councils published proposals for combining services. The proposals outlined that some services could be more efficiently managed at greater scale and management structures for the delivery of services are triplicated across the boroughs, and could potentially be rationalised. The proposals included the creation of a single integrated library service across the three boroughs, with local branding and delivery in line with local community needs and requirements. It was anticipated that £1,500K - £1,820K could potentially be saved from these areas.

This business case outlines a set of verified proposals that will provide savings opportunities for each of the tri-borough partners over a three year period.

In addition to the savings outlined in this business case there are a number of areas where additional savings could potentially be gained following the implementation of a tri-borough library service. These areas require further work to realise their financial benefits and include salary harmonisation, provision of an integrated home library service, provision of an integrated archives service, rationalisation of office space and harmonising contracts and joint procurement.

All assumptions and figures used in this report are based on the position following implementation of 2011/12 budget changes. To deliver the savings outlined by this business case there is no requirement to further reduce the existing number of library buildings or change opening hours.

From April 2012 options will be considered for transferring the integrated library service to an external management organisation. This may take the form of a charitable trust, social enterprise, joint venture or through private sector management. The options outlined in this business case do not preclude the implementation of any future delivery models.

### **3. Background**

Public library services are currently delivered across the tri-borough area from 24 library buildings open 1,197 hours a week<sup>1</sup>.

Libraries across the area vary greatly in size and opening hours. There is one central library (Kensington); seven 'district' libraries (Marylebone, Hammersmith, Fulham, Charing Cross, Paddington, Chelsea and Victoria) and a range of mid size and small community libraries. Between 2009 and the end of 2010 three brand new libraries opened: at Church Street, NW8, Pimlico, and Shepherds Bush (as part of the Westfield shopping centre). In addition Askew Road, Brompton and Notting Hill Gate libraries underwent large scale refurbishments. Opening hours are tailored to meet the needs of the communities they serve with six being open over 60 hours a week and five open for seven days a week.

17 of the 24 sites are equipped with self service technology and 17 buildings are WiFi enabled.

Currently 4 million items are loaned to 158,000 members every year. These include books, DVDs, CDs, talking books, newspapers, magazines and PC games. An extensive range of activities to promote reading, distribute information and encourage learning are also available across the tri-borough area. Activities include outreach programmes volunteering opportunities and events for preschool children. These activities are supported by 461 PC terminals.

In addition to the 24 service points home library services deliver material across the tri-borough area to 1,098 people who are unable to visit a library. Hammersmith and Fulham also provide a service at Wormwood Scrubs prison and Westminster manages a school's library service.

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<sup>1</sup> This figure will reduce to 21 by December 2011 following the closure of St James Library in Westminster and the handover of Barons Court and Sands End in Hammersmith and Fulham to the community.

A detailed breakdown of current service levels can be found in appendix 1. Appendix 2 shows the locations of each library

## **4. Scope for an integrated tri-borough library service**

The assumption is that all “core offer” services will be integrated – unless there are strong arguments to the contrary. Each authority will retain sovereignty over policy-making but there is an assumption that unless there are considered reasons to set unique expectations, boroughs ought to standardise specifications because these ought to deliver better prices.

Boroughs will take the opportunity to radically redesign services, drawing on each authority’s strengths.

It is anticipated that each borough will have the capacity to locally commission services on top of the proposed core offer. Examples of the locally commissioned services include the Bengali Outreach Service, Prisons Library Services, services to children’s centres and study support. Partner organisations (such as the PCT) may also commission services across the tri-borough area e.g. Bibliotherapy. Further details of locally commissioned services are outlined in section 5.2.

Arts and Culture are not currently in scope as part of the integrated Tri-borough Library service.

## **5. Integrated tri-borough library service**

### **5.1 Vision and objectives**

Under the terms of the 1964 Public Libraries and Museums Act, public library provision is a statutory duty for local authorities. The duty requires authorities to provide a comprehensive and efficient library service for everyone who lives, works and studies in the area, and to take into account their general and specific needs.

Public libraries are one of the cornerstones of modern communities, providing unbiased and unparalleled access to a wide range of materials, information, knowledge and services, both on-line and during stated opening hours. They are very popular and heavily used (5 million physical visits across the tri-borough area in 2010/11).

The development of online digital information and media formats is one of the biggest challenges facing libraries, not because it threatens their existence, but because it is an integral part of a modern service; the challenge comes from keeping up to date with the technology investment and the content management.

As well as keeping a good stock of books and computers for customer use, modern libraries are fundamental to inspiring and enabling learning and reading. They also provide space for the wider range of activities and events for individuals and groups that now take place. These activities are a vital part of a modern library service, contributing directly to individual and community well-being and development. They include pre-school storytelling sessions, homework clubs, author talks, arts and creative events, PC tutorials, adult learning and skills classes for individuals or groups, sessions delivered by partner agencies, such as the National Health Service and Jobcentre plus or by community groups.

Public libraries are places where people can go to read and borrow books, and to learn. This simple but powerful statement will continue to be at the heart of the service for many years to come. Through this and other activities, libraries empower, inform and enrich the people and communities they serve through a range of services and collections delivered by well trained staff through community based buildings and online.

Libraries are freely available to everyone in the community, and aim to meet their present and future reading, learning and information needs.

Libraries have the potential to support the delivery of priorities relating to well-being and health, skills and learning, and active and sustainable communities. Most of our public libraries are located in local neighbourhoods and communities, and open when residents and others need them. They offer services targeted to meet local needs and priorities. For many residents and visitors, the local library is the face of the council and its customer services.

Libraries offer a universal service that contributes to many of the outcomes and aspirations in the wider strategic plans of each of the boroughs, such as supporting children to enjoy and achieve, and to make a positive contribution; helping older people enjoy a better quality of life and well-being; libraries can assist businesses, entrepreneurs, and the local economy, through information and events; they support improving health through health information and initiatives such as books on prescription.

We need to make sure that our libraries retain their core purpose of enriching people's lives by giving residents and users access to books and other information. Libraries can act as an access and entry point into a wide range of other council and agency services, offering information and support to meet community needs.

To achieve these outcomes, library services need to be visible, attractive and appealing, designed to increase participation and reach out to new audiences as well as retaining existing users. By sharing these ambitions for the service across the three boroughs, there is a greater opportunity to achieve economies of scale, increase income opportunities, attract inward investment, and maintain existing services.

In developing this business case, an overall vision and set of objectives have been established as shown overleaf:

### Vision for the tri-borough library service

**Libraries are freely available to everyone in the community, and aim to meet their present and future reading, learning and information needs. The key elements of an integrated library service are:**

|  |  |
|--|--|
| <b>Reading</b>                         | everything starts with reading, libraries help children and adults to become proficient readers for life and promote the love of reading for pleasure  |
| <b>Learning</b>                        | libraries will support formal education at every stage and be a major provider of informal and self-directed learning for all  |
| <b>Digital</b>                         | libraries will create and providing access to digital resources, and help people to bridge the digital divide through support and training   |
| <b>Information</b>                     | libraries will provide the gateway to the world's knowledge (about anything and everything) and to local community information, with intelligent interpretation  |
| <b>Community</b>                       | libraries will provide a physical, accessible, safe indoor presence in the heart of local communities, a meeting place for local people and organisations, a destination or venue for cultural events and activities |
| <b>Access point for other services</b> | either online or through surgeries or permanently shared location – as a trusted brand with expert staff, a natural place where people will go to seek advice and support and to transact                            |

In addition an integrated service could provide:

|                                |  |
|--------------------------------|--|
| <b>Heritage/sense of place</b> | libraries will keep the record of times gone by – the history of people and communities, helping to create identity and cohesion |
|--------------------------------|--|

The programme objectives for an integrated tri-borough library service are:

- The creation of a single combined library service with local branding and in line with local community needs, that maximises value gained from public expenditure, strengthens the place of libraries in the community and maintains and improves the quality of core services.
- The generation of significant savings through the creation of a combined library service and to minimise the impact of budget cuts to frontline services
- To explore and determine the scope for the creation of a single combined archives service.
- To engage with commercial partners to increase income opportunities for libraries.

An integrated library service will be implemented via a phased approach further details of which can be found in section 10.

A set of design principles have been agreed to shape the structure of the new integrated tri-borough library service; these are outlined in appendix 3.

## **5.2 What will a tri-borough library service look like?**

A tri-borough library service will deliver the following core services from 21 buildings.

### **Reading**

- Provision of resources to support adult reading
- Selection of events to support children's literacy
- Reader development activities
- Programme of outreach to meet local need

### **Learning**

- Provision of resources to support adult and children's learning
- Learning activities to improve adult literacy and IT skills
- Employment related learning activities

### **Digital**

- Creation of digital content (e.g. community databases)
- Providing access to on-line digital resources
- Learning activities to improve digital literacy (getting online and navigating around)
- Access to PCs
- Access to Wi-Fi enabled buildings

### **Information**

- Access to information resources and knowledgeable staff
- Provision of local and council information
- Improved access to special collections
- Access to local historical resources

### **Community**

- Provision of venues for community and partner organisations to meet

A single managed library service will provide a unique opportunity to sustain excellent frontline services and deliver customer outcomes, whilst also ensuring that local sovereignty is preserved (for example each local authority will decide on the number and opening hours of libraries and the level of corporate engagement).

Specific customer benefits that will be realised through the initial combined management structure and service remodelling include:

- Individual libraries becoming the gateway to a wider tri-borough service offering, enabling users to access a wider range of books and other materials including the specialist collections held by each borough; and to benefit from the differing specialist expertise and experience of staff.
- Consistency of service standards across the three boroughs - customers will receive a quality customer experience regardless of geographical location or access channel (face-to-face, telephone or web);

Tri-borough working also offers the opportunity to exploit the joint commercial potential of library assets and services to generate additional income. Libraries across the three boroughs attract significant visitor numbers every day and many of them are in prime locations that would be attractive to retailers and other commercial outfits.

There is also potential income to be secured as a result of our knowledge and experience of pursuing a tri-borough service. Successful delivery of a combined service provides a compelling platform from which to trade both service delivery skills and capability as well as a consultancy offer.

A variety of services will be commissioned locally; examples of locally commissioned services are shown below. This is not an exhaustive list and is likely to be expanded to include services for children, families and vulnerable adults.

| <b>Service</b>                              | <b>Commissioning Authority</b> |
|---|--------------------------------|
| Chinese services                            | Westminster City Council       |
| Prison services                             | Hammersmith and Fulham         |
| Music Library                               | Westminster City Council       |
| Business information                        | Westminster City Council       |
| Bengali services                            | Westminster City Council       |
| Specialist reference collections            | Westminster City Council       |
| Schools Library Service                     | Westminster City Council       |
| Early years provision in community settings | Kensington and Chelsea         |

Whilst it is anticipated the library service may be managed as a single service with shared infrastructure and capability, the new model and associated structures will ensure that the current localised service offering and opening times provided by libraries in each of the respective boroughs will be delivered in line with the sovereignty guarantee.

An initial Equalities Impact Assessment has been carried out and this has identified no negative impacts for customer and community groups, and a number of positive benefits. For staff, there are no negative impacts in relation to the equality groups. The Equalities Impact Assessment will be repeated at various key stages during the implementation process as the new operating model and structure are developed and as other delivery options are assessed.

## 6. Current financial position and savings proposals

### 6.1 Current financial position

The table below sets out the current financial position in relation to the library service for each of the tri-borough authorities. This information is based on the budget position for 2011/12 and reflects any savings already committed by individual authorities.

| 2011/12 Budget                   | Hammersmith & Fulham | Westminster | Kensington & Chelsea | Combined    |
|----------------------------------|----------------------|-------------|----------------------|-------------|
| Total budget                     | £3,501,966           | £12,155,241 | £6,633,270           | £22,270,477 |
| Total uncontrollable budget      | £938,900             | £4,842,047  | £2,195,620           | £7,976,567  |
| Total controllable budget        | £2,563,066           | £7,313,194  | £4,437,650           | £14,313,910 |
| Total salary budget              | £1,866,966           | £4,946,727  | £2,964,310           | £9,758,503  |
| Total full time equivalent posts | 59.3                 | 154         | 85                   | 298         |
| Total opening hours              | 231                  | 687         | 279                  | 1,197       |

### 6.2 Summary of savings proposals

The following table summarises the financial savings associated with each option in this business case.

|                              | Financial Savings (£) |                |                | Grand Total      |
|------------------------------|-----------------------|----------------|----------------|------------------|
|                              | 2011/12               | 2012/13        | 2013/14        |                  |
| Single management structure* | -                     | 315,934        |                | 315,934          |
| Service efficiency           | -                     | 173,754        | 57,918         | 231,672          |
| Integrated core service      | -                     | 420,115        | 140,039        | 560,154          |
| <b>Total</b>                 |                       | <b>909,803</b> | <b>197,957</b> | <b>1,107,760</b> |

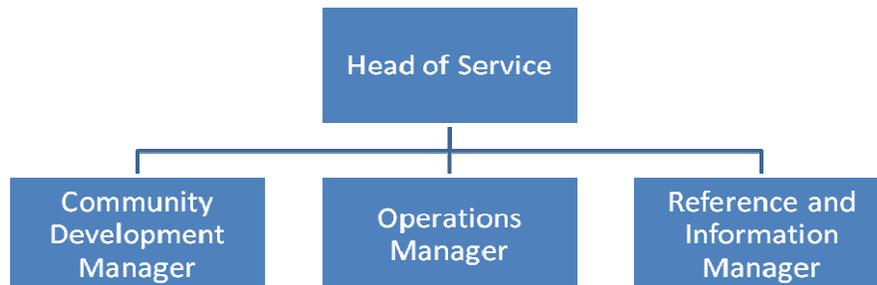
Details of how these savings are broken down by individual authorities are shown overleaf.

Each of these savings is described in detail from section 6.3 onwards. Details of how these savings and costs could be apportioned are outlined in section seven.

| Financial savings (£) breakdown |                  |                       |                  |                      |                  |                |                  |                  |                |                      |                  |                |
|---------------------------------|------------------|-----------------------|------------------|----------------------|------------------|----------------|------------------|------------------|----------------|----------------------|------------------|----------------|
|                                 | Current cost     | Post Tri-borough cost | Total savings    | Hammersmith & Fulham |                  |                | Westminster      |                  |                | Kensington & Chelsea |                  |                |
|                                 |                  |                       |                  | Pre tri-borough      | Post tri-borough | Saving         | Pre tri-borough  | Post tri-borough | Saving         | Pre tri-borough      | Post tri-borough | Saving         |
| Single management structure     | 615,934          | 300,000               | 315,934          | 71,282               | 100,000          | -28,718        | 262,652          | 100,000          | 162,652        | 282,000              | 100,000          | 182,000        |
| Service efficiency              | 5,038,866        | 4,807,194             | 231,672          | 1,042,524            | 984,606          | 57,918         | 2,577,351        | 2,519,433        | 57,918         | 1,418,991            | 1,303,155        | 115,836        |
| Integrated core service         | 2,912,031        | 2,351,876             | 560,155          | 705,021              | 463,728          | 241,293        | 1,154,891        | 926,195          | 228,696        | 1,052,119            | 961,953          | 90,166         |
| <b>Total</b>                    | <b>8,566,831</b> | <b>7,459,070</b>      | <b>1,107,761</b> | <b>1,818,827</b>     | <b>1,548,334</b> | <b>270,493</b> | <b>3,994,894</b> | <b>3,545,628</b> | <b>449,266</b> | <b>2,753,110</b>     | <b>2,365,108</b> | <b>388,002</b> |

### 6.3 Single management structure

A single integrated library service across all three authorities will be led by a single management structure. One Head of Service will oversee a team of 3 senior managers as outlined below.



The Management team will have the following responsibilities

#### Head of Service

- To set the overall strategic direction of the service
- To lead on strategic planning and development
- To hold accountability for operational performance and delivery
- To hold financial accountability for the service
- Responsibility for the business development of the service
- Member Liaison

#### Operations Manager

- To lead on day to day service operations to ensure delivery in line with targets and specifications
- To prioritise and deliver key initiatives
- To ensure the allocation and management of financial resources for frontline services in the team
- To provide operational leadership for library premises improvement, through identifying and meeting customer and community priorities

#### Community Development Manager

- To develop partnerships and joint working arrangements with both internal and external partners to help promote reading and learning.
- To lead, drive and motivate managers and staff in the Community Development team through setting targets, improving services and processes, planning work and managing costs.
- To lead the co-ordination and development of professional services to adults and children
- To lead the strategic development of stock for lending libraries.

### Reference and Information Manager

- To develop, coordinate and direct Reference and Information services including physical and on-line resources, web services and digital content development.
- Develop, coordinate and direct specialist collections and services.
- To be responsible for the digital and information provision across the tri-borough area.
- To improve access to digital resources through delivery of support and training.
- To lead the strategic development of reference for lending libraries.
- Development of stock for reference and information services.

To allow the creation of single management team the following posts will be deleted.

| Posts to be deleted                      |              |                              |
|--|--------------|------------------------------|
| Post                                     | FTE          | Salary range £ (inc oncosts) |
| Head of Service Total                    | 2.05         | 190,820                      |
| Senior Management Total                  | 8.00         | 425,114                      |
| <b>Total deleted</b>                     | <b>10.05</b> | <b>615,934</b>               |
| Posts to be created                      |              |                              |
| Post                                     | FTE          | Salary £ (inc oncosts)       |
| Head of Service                          | 1.00         | 90,000 – 120,000             |
| Operations Manager                       | 1.00         | 50,000 – 80,000              |
| Community Development Manager            | 1.00         | 50,000 – 80,000              |
| Reference and Information Manager        | 1.00         | 50,000 – 80,000              |
| <b>Total created (based on midpoint)</b> | <b>4.00</b>  | <b>300,000</b>               |
| <b>Total Savings (based on midpoint)</b> | <b>6.05</b>  | <b>315,934</b>               |

It is intended that Westminster City Council will employ the posts in the single management structure but no decision has been made as to where they will be based. Reducing staffing numbers will create additional savings from office space and overhead costs. Further work is required to establish the level of these savings.

## 6.4 Service efficiency

A detailed transactional model has been used to establish the number of staff that will be required for each of the tri-borough **lending** libraries. All three authorities have had the opportunity to refine the model to ensure it reflects best practice and addresses local circumstances. Further development and analysis will be required to refine the model to ensure it works for each authority.

The model is based on a retail approach and looks at all tasks carried out in a lending library. All tasks are site based. Each task has been broken down by:

- Indicative time taken to carry out
- Frequency
- Volume

This has then been combined with a range of transactional data (including membership numbers, visitor footfall, opening hours, service points and building size and design) to predict the number of hours required to open, run basic services and close each library building. This has then been translated into full time equivalent posts.

The model assumes that the take up of self-service by customers is running at 90% or more, and that all operational processes (such as timetabling, cash management, enquiry and customer management) are at optimum efficiency, and it assumes sickness levels at 3%. These assumptions are not currently the case in all libraries but should be achievable in the longer term, building on existing best practice.

The model does not factor in specific local environmental factors, such as a high incidence of anti-social behaviour at particular sites, or an above average level of events or activities, which will require additional staff cover. Neither does it allow for peaks and troughs in demand. However, it does give a minimum base point against which staffing levels can be flexed in accordance with demand.

A summary of the output from the model is shown below. This data reflects the staffing levels generated by the model adjusted to take into account local issues and professional knowledge.

Average salary costs are based on all non management front line staff and include on costs.

| Authority            | Opening Hours | Existing Lending FTE | Adjusted Model Lending FTE | Difference | Cost Saving (£) |
|----------------------|---------------|----------------------|----------------------------|------------|-----------------|
| Hammersmith & Fulham | 231           | 36                   | 34                         | -2         | 57,918          |
| Westminster          | 586           | 89                   | 87                         | -2         | 57,918          |
| Kensington & Chelsea | 279           | 49                   | 45                         | -4         | 115,836         |
| Total                | 1,099         | 174                  | 166                        | -8         | 231,672         |

## 6.5 Integrated core service

The combined existing structures across the tri-borough libraries is made up of 297 full time equivalent posts costing £9,778,003. The core service areas excluding locally commissioned services (e.g. Archives, Home Library Service, Prison Service) cost £8,566,831 and are made up of 259 full time equivalent posts.

An indicative target operating model has been drafted to show how an integrated core service could work. This model comprises **231.5** full time equivalent posts.

If all staff in the new tri-borough integrated core service are employed by Westminster the total salary cost (based on Westminster Salaries) is estimated at £7,459,070. A detailed breakdown of the salary figures for the integrated core service is shown in Appendix 4.

The difference between the cost of the indicative target operating model and existing structures (including adjustment for on-costs) is **£1,107,761** this figure includes the verified savings for the creation of a single management structure (£315,934) and the savings associated with service efficiency (£231,672). Therefore the savings associated with the creation of an integrated core service are £560,155.

This is broken down as shown in the table below.

| Authority                | Full Staffing budget (£) | Full Staffing FTE | Staffing budget excluding locally commissioned roles (£) | FTE posts excluding locally commissioned roles |
|--------------------------|--------------------------|-------------------|--|--|
| Hammersmith and Fulham   | 1,866,966                | 58                | 1,818,827  | 53   |
| Westminster City Council | 4,946,727                | 154               | 3,994,894  | 127  |
| Kensington and Chelsea   | 2,964,310                | 85                | 2,753,110  | 79   |
| <b>Total</b>             | <b>9,778,003</b>         | <b>297</b>        | <b>8,566,831</b>   | <b>259</b>                                     |
| Integrated core service  |                          |                   | <b>7,459,070</b>   | 231.5  |
| Difference / Savings     |                          |                   | <b>1,107,761</b>   | 27.5   |

## 6.6 Additional savings areas

### Archives

The archive collections of the three boroughs hold local government archival collections and local history resources. The archival collections comprise a unique and irreplaceable historical asset, being the records of the lives of the people in the boroughs and the land it occupies.

The 'archives' services across the tri-borough area are different in scale and focus. Hammersmith and Fulham have recently implemented a 'Big Society' model that sees opening hours considerably reduced and services supported largely by volunteers. Kensington and Chelsea focus primarily on the provision of local studies through the

Kensington Central Library. Westminster provides a comprehensive service housed in a purpose-built archives centre supported by considerable archive expertise.

A number of broad options have been looked at to understand if an integrated archives service could provide service improvements, improved access, consistent high quality and an improved service offer whilst providing savings. These options did not show any significant savings for the tri-borough partners.

As there are no significant savings to be gained from providing an integrated tri-borough archives this will remain as a locally commissioned service area for each authority managed through the libraries structure.

### **Other**

Once an integrated tri-borough library service is introduced a number of additional savings may be realised. These may include savings from the provision of an integrated Home Library Service, provision of an integrated archives service, rationalisation of office space and harmonising contracts and joint procurement.

### **Staff harmonisation**

Library service salaries currently vary widely across the three boroughs at all levels. Pay structures and employee terms and conditions are also different across each authority.

Analysis has been carried out to identify if savings can be made through harmonising salaries across authorities. A harmonisation arrangement would provide all employees across tri-borough with the same terms and conditions.

At this stage no consideration has been given to harmonisation of actual duties and responsibilities carried out, creating generic job roles where possible. At present, the salary differentials may reflect different requirements in terms of skills and responsibilities from posts with the same job title.

Analysis was carried out by grouping all posts into 11 categories. Roles were then categorised based on existing structure charts and salary bands. Front and back office roles have been separated and grouped in like for like role categories. Staff in scope for the single management structure have been excluded as savings have been calculated separately.

The effect of levelling all posts down to the lowest salary level (0%), up to the highest point (100%) and at steps in-between has been calculated and is shown in Appendix 5.

This analysis shows that savings are only achievable in the bottom 20 percentile of the salary spread.

A saving of £427,766 can be achieved if all staff in scope are levelled down to the lowest salary. This will affect 231 members of staff in total across all authorities as shown below.

|                              | Hammersmith & Fulham | Westminster | Kensington & Chelsea |
|------------------------------|----------------------|-------------|----------------------|
| Total Staff affected         | 20                   | 143         | 68                   |
| Percentage of Staff affected | 32%                  | 98%         | 85%                  |

Whilst salary harmonisation is a logical development it is not appropriate to do this just for libraries so would need to be implemented in line with overall tri-borough procedures

and timescales. Also there are significant risks in pursuing harmonisation in the absence of a proper consideration of different roles and responsibilities. These risks include reduction in quality of service, recruitment difficulties, and significant HR challenges.

Therefore salary harmonisation will not be implemented at the present time but as part of Phase 4, when outsourcing options are considered

As part of the agreed Chief Executive's protocols, in the short term, most front line staff will still be employed on their existing borough's terms and conditions.

## 7. Apportionment of future costs and savings

The future costs and savings of a tri-borough library service has been apportioned in the following way:

- The cost of the single management structure going forward has been apportioned by an even split across all three authorities.
- The reductions from the service efficiency model have been apportioned to the authority that they are deleted from.
- The cost of the integrated core service has been apportioned by the number of libraries, weighted by size on a 1-4 scale.

The table below shows the costs and savings of the tri-borough library service apportioned by authority.

| Apportionment of future costs and savings |                      |             |                      |            |
|---|----------------------|-------------|----------------------|------------|
|   | Hammersmith & Fulham | Westminster | Kensington & Chelsea | Total      |
| Current cost of staffing                  | £1,818,827           | £3,994,894  | £2,753,110           | £8,566,831 |
| Cost of staffing in tri-borough           | £1,548,334           | £3,545,628  | £2,365,108           | £7,459,070 |
| Savings gained through tri-borough        | £270,493             | £449,266    | £388,002             | £1,107,761 |
| Percentage saving on controllable budget  | 10.6%                | 6.1%        | 8.7%                 | 7.7%       |
| Percentage saving on staffing budget      | 14.8%                | 11.2%       | 14%                  | 12.9%      |

## 8. Investment requirements

The following investment costs will be required to realise the savings outlined in section 6.

| Item                        | Cost                                  | Details   | Frequency |
|-----------------------------|---------------------------------------|---|-----------|
| Redundancy payments         | £687,500                              | Based on an average of £25k per FTE X27.5               | One-Off   |
| Self service implementation | Allocated in existing capital budgets |   |           |
| Project management          | £103,200                              | Based on project resource at £400 per day for 12 months | One-Off   |
| Capital Ambition funding    | -£30,000                              | External funding bid                                    | One-Off   |

There are no immediate IT implementation costs required. Integration of systems will be required to establish a single library card but can be done over time and when savings opportunities arise.

The table below gives details of how redundancy costs would be apportioned: Redundancies differ across each local authority, however it is only fair to share these costs in proportion to the savings derived for each local authority. This ensures the benefits match the redundancy costs, which is reflected by the Holgate adjustment.

| Redundancies                   |                      |             |                      |            |
|--------------------------------|----------------------|-------------|----------------------|------------|
|                                | Kensington & Chelsea | Westminster | Hammersmith & Fulham | Total      |
| Current structure costs        | £2,753,110           | £3,994,894  | £1,818,827           | £8,566,831 |
| New structure costs            | £2,365,108           | £3,545,628  | £1,548,334           | £7,459,070 |
| Savings-annual                 | £388,002             | £449,266    | £270,493             | £1,107,761 |
| <i>% savings</i>               | 35%                  | 41%         | 24%                  | 100%       |
| Redundancy costs               | £209,387             | £337,335    | £140,778             | £687,500   |
| Holgate adjustment             | £31,415              | -£58,511    | £27,096              | 0          |
| Share of redundancies          | £240,802             | £278,824    | £167,874             | £687,500   |
| <i>Share of redundancies %</i> | 35%                  | 41%         | 24%                  | 100%       |
| Current structure FTE posts    | 79                   | 127         | 53                   | 259        |

## 9. Return on investment

The table below shows the return on investment for an integrated tri-borough library service.

| Return on investment (£)    |         |          |         |           |           |           |
|-----------------------------|---------|----------|---------|-----------|-----------|-----------|
|                             | Year 0  | Year 1   | Year 2  | Year 3    | Year 4    | Year 5    |
| <b>Cash in-flows</b>        | 0       | 0        | 909,804 | 1,107,761 | 1,107,761 | 1,107,761 |
| <b>Cash out-Flows</b>       | 79,200  | 711,500  | -       | -         | -         | -         |
| <b>Net Cash-flow</b>        | -79,200 | -711,500 | 909,804 | 1,107,761 | 1,107,761 | 1,107,761 |
| <b>Cumulative cash-flow</b> | -79,200 | -790,700 | 119,104 | 1,226,865 | 2,334,626 | 3,442,387 |
| <b>Payback (years)</b>      | 1.9     |          |         |           |           |           |

## 10. Implementation

An integrated tri-borough library service will be delivered in four phases as outlined below:

| 2011/12   |     |     |     |   |     |     |     |     |     |    | 2012/13  |    |    |    |
|---|-----|-----|-----|---|-----|-----|-----|-----|-----|----|--|----|----|----|
| Mar   | Apr | May | Jun | Jul   | Aug | Sep | Oct | Nov | Dec | Q4 | Q1   | Q2 | Q3 | Q4 |
| <b>Phase 1</b>  |     |     |     | <b>Phase 2</b>  |     |     |     |     |     |    | <b>Phase 3</b>   |    |    |    |
| <ul style="list-style-type: none"> <li>• Definition and scope of workstream agreed</li> <li>• Programme mobilised</li> <li>• Production and sign-off of business case</li> <li>• Approval to proceed onto Phase 2</li> <li>• Planning for Phase 2</li> <li>• Mobilisation for Phase 2</li> <li>• Feasibility report for archives</li> </ul> |     |     |     | <ul style="list-style-type: none"> <li>• Operating model design for the creation of a single management structure</li> <li>• Implementation of a single management structure</li> <li>• Realisation of business benefits from a single management structure</li> <li>• Detailed design to create a single operational structure and staff group for a combined library service</li> <li>• Approval to proceed to Phase 3</li> <li>• Planning for Phase 3</li> <li>• Mobilisation for Phase 3</li> <li>• Options appraisal for new delivery/trading options</li> </ul> |     |     |     |     |     |    | <ul style="list-style-type: none"> <li>• Implementation and rollout of single operational structure for a combined library service</li> <li>• Realisation of benefits from single combined library service</li> <li>• Detailed design for preferred delivery/trading option</li> <li>• Production and sign-off of business case for preferred delivery/trading option</li> <li>• Approval to proceed to implementation</li> <li>• Implementation and rollout of new delivery model</li> <li>• Realisation of benefits of new delivery model</li> </ul> |    |    |    |

## 11. Risks

The following are potential risks to what is a significant frontline, public facing service across all three boroughs. Actions to limit these potential risks are suggested, for inclusion in any implementation plan of a single library service.

**Likelihood** - 1 (unlikely) – 3 (highly likely)

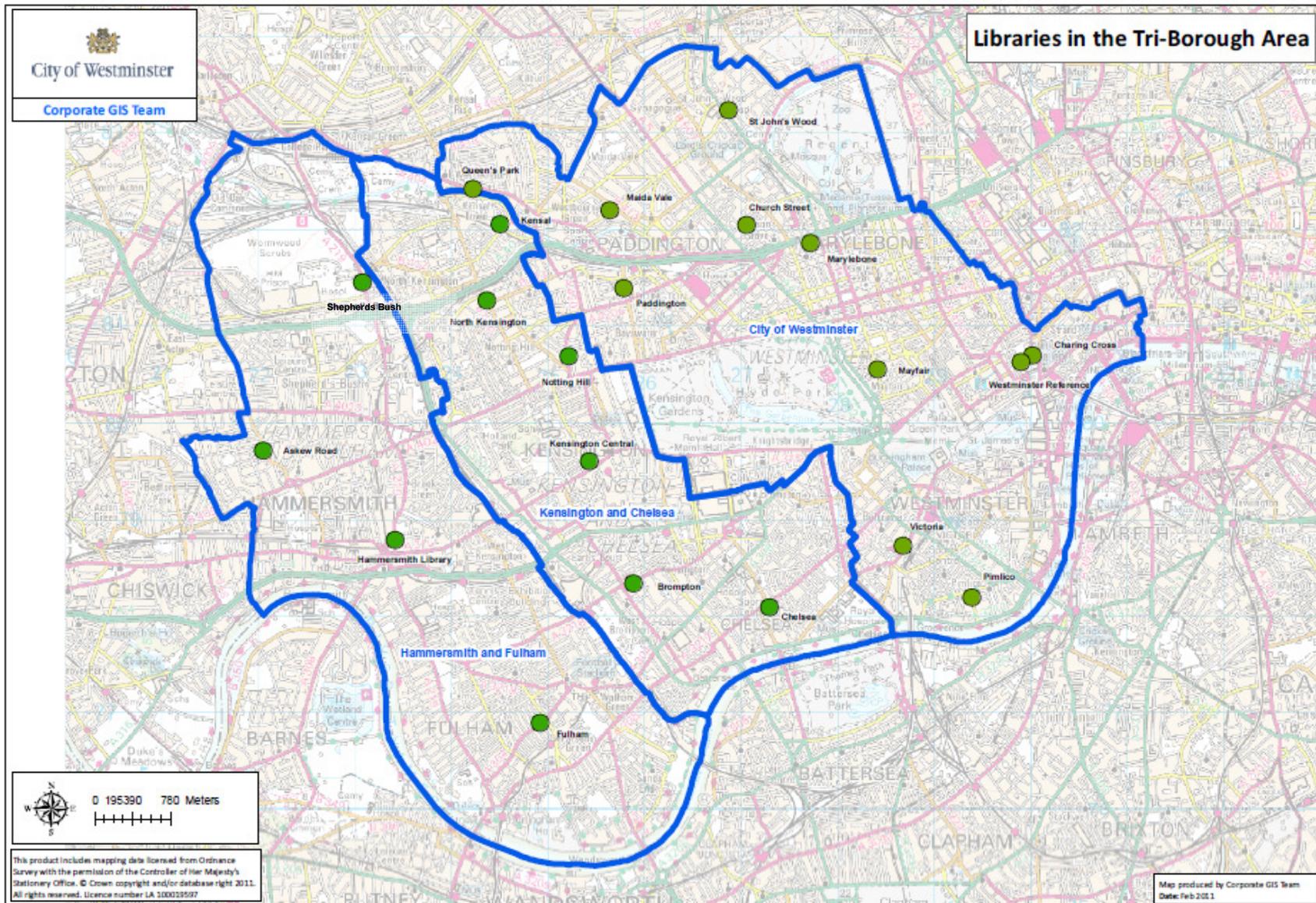
**Severity** - 1 (minimal) – 3 (severe)

| Risk  | Impact   | Action to mitigate   | Likelihood | Severity of impact | Risk |
|---|--|--|------------|--------------------|------|
| Speed of implementation not sufficiently considered.  | Staff morale and turnover impacted leading to a reduction in service / deterioration in quality of customer service. | Careful, planned implementation with a comprehensive stakeholder engagement plan in place to manage the period of change.  | 1          | 2                  | 3    |
| Not getting governance and structure right and commissioning arrangements unclear.                    | Single service with duplication, not realising economies of scale and inefficient service offer.                     | Clarity over which services are commissioned by each borough, and to what level.   | 1          | 3                  | 3    |
| Failure to resolve different aspirations across the three boroughs                                    | Failure to agree core service specification and cost base leading to a delay in implementation                       | Establishment of robust governance arrangements from the start   | 2          | 2                  | 4    |
| Cost, resource, effort and time required to deliver a single service.                                 | Cost outweighed by benefits.   | Build in key milestones to agree progress to the next step, based on robust data. Thoughtful and planned implementation with clarity over potential (cashable) benefits. | 1          | 1                  | 2    |
| Level of savings overestimated in business case.  | Savings (or level of savings) not realised by any of the tri-boroughs.   | Detailed estimation of savings required for each borough, and a plan of implementation.  | 1          | 2                  | 3    |
| Complexity of funding arrangements in any borough makes cashable savings difficult to realise.        |  | Outcome of “corporate” tri-borough business case to be used in drafting full business case and implementation plan.  | 2          | 2                  | 4    |
| Corporate recharges insufficiently flexible.  |  | Planning and implementation to be modelled to enable ‘variables’ to be taken into account when calculating savings.  | 2          | 2                  | 4    |
| Immediate action by individual authorities affects level of anticipated savings via a single service. |  |  |            | 1                  | 3    |

## Appendix 1 – Existing library service provision

|                                      | Kensington and Chelsea | Westminster                                  | Hammersmith and Fulham                     |
|--------------------------------------|------------------------|--|--|
| No of library buildings              | 6                      | 12 – reducing to 11 by end 2011              | 6 – reducing to 4 by end of 2011           |
| Total opening hours (per week)       | 279                    | For 12 libraries 687<br>For 11 libraries 644 | For 6 libraries 327<br>For 4 libraries 231 |
| Libraries open on a Sunday           | 1                      | 5  | 2  |
| No of free access Public PCs         | 111                    | 230  | 120  |
| Home Library Service                 | Yes                    | Yes  | Yes  |
| Home Library Service members         | 304                    | 619  | 175  |
| Prison Library Service               | No                     | No   | Yes  |
| Annual loans                         | 922,054                | 2,400,000                                    | 670,000                                    |
| Annual visits                        | 1,185,535              | 2,500,000                                    | 1,100,000                                  |
| Online Visits                        | 266,000                | 2,500,000                                    | 257,266                                    |
| Membership                           | 40,035                 | 86,991                                       | 30,926                                     |
| No. of staff                         | 85                     | 167.44                                       | 69.5                                       |
| Members of staff paid more than £60K | 1                      | 1  | 0  |
| Self Service                         | 3                      | 11   | 2  |
| Wi-Fi                                | 4                      | 12   | 1  |

# Appendix 2 – Tri-borough library locations



## Appendix 3 – Top 10 design principles

| No. | Theme           | Design Principle:   |
|-----|-----------------|---|
| 1   | Sovereignty     | Any design should be done so in full consideration of the Sovereignty Guarantee as laid out in the Tri-borough Proposal Report February 2011  |
| 2   | Tri-borough     | Departments should outline proposals for a 50% cut in managerial posts and 50% reduction in overheads and advise around any associated risks  |
| 3   | Operating Model | The combined library service structure should be future-proofed as far as is possible and be agile and flexible to meet an ever changing environment.   |
| 4   | Operating Model | Should have the minimum number of management tiers possible from top to bottom (say maximum of 5)   |
| 5   | Operating Model | Optimum spans of control (say optimum target of 1:6 but could be more if deemed necessary/appropriate)  |
| 6   | Operating Model | Back office functions to be minimised in terms of numbers and space occupancy   |
| 7   | Customer        | An ability to respond to local needs and circumstances, based on an assessment of local needs   |
| 8   | Customer        | A preference for an improved customer experience (e.g. one library card for all 3 boroughs) that may involve a change in relationship with increased self service but capable of at least maintaining the current levels of customer experience at less cost than can be delivered by the three boroughs individually |
| 9   | Finance         | An ability to move to a unified set of contracts and a single property/assets strategy  |
| 10  | Tri-borough     | Boroughs will take the opportunity to radically redesign services drawing on each authority's strength  |

## Appendix 4 – Staffing costs for integrated core service

| Post  | FTE          | Cost per FTE (£) | Total cost (£)   |
|---|--------------|------------------|------------------|
| Head of Service                             | 1.0          | 105,000          | 105,000          |
| Operations Manager                          | 1.0          | 65,000           | 65,000           |
| Reference & Information Manager             | 1.0          | 65,000           | 65,000           |
| Stock Manager                               | 1.0          | 50,118           | 50,118           |
| Contract Manager                            | 1.0          | 35,989           | 35,989           |
| Stock Librarian                             | 2.0          | 35,989           | 71,978           |
| Cataloguer                                  | 0.5          | 17,995           | 8,997            |
| Community Development Manager               | 1.0          | 65,000           | 65,000           |
| Stock Assistants                            | 2.0          | 27,184           | 54,368           |
| Children's Co-ordinator                     | 1.0          | 34,112           | 34,112           |
| Adult Learning Co-ordinator                 | 1.0          | 34,112           | 34,112           |
| Health Information Co-ordinator             | 1.0          | 34,112           | 34,112           |
| Bookstart Co-ordinator                      | 1.0          | 27,184           | 27,184           |
| Area Manager                                | 4.0          | 42,810           | 171,240          |
| Customer Services Manager                   | 14.0         | 40,505           | 567,070          |
| Librarian                                   | 18.0         | 35,989           | 647,802          |
| Senior Customer Service Assistant Lending   | 78.0         | 30,261           | 2,360,358        |
| Customer Services Assistant                 | 9.0          | 28,959           | 260,630          |
| Customer Services Assistant Lending         | 52.0         | 27,184           | 1,413,568        |
| Reference Library Manager                   | 1.0          | 42,810           | 42,810           |
| Reference Librarian                         | 1.0          | 35,989           | 35,989           |
| Enquiry team Librarian                      | 2.0          | 35,989           | 71,978           |
| Reference Librarian                         | 3.0          | 35,989           | 107,967          |
| Online service coordinator                  | 1.5          | 35,989           | 53,984           |
| Senior Customer Service Assistant Reference | 10.5         | 30,261           | 317,741          |
| Customer Services Assistant Reference       | 5.0          | 27,184           | 135,920          |
| Executive Assistant                         | 1.0          | 30,261           | 30,261           |
| Admin Assistant                             | 3.0          | 30,261           | 90,783           |
| Additional Posts                            | 14.0         | 35,714           | 500,000          |
| <b>Total</b>                                | <b>231.5</b> |                  | <b>7,459,072</b> |

## Appendix 5 – Effect of Salary harmonisation

| Role Category                          | 100%       | 80%      | 60%      | 50%      | 40%      | 28%      | 20%       | 0%        |
|--|------------|----------|----------|----------|----------|----------|-----------|-----------|
| Managers – Other                       | £3,318     | £1,659   | £0       | -£830    | -£1,659  | -£2,665  | -£3,318   | -£4,977   |
| Area Manager                           | £20,432    | £11,234  | £2,036   | -£2,563  | -£7,162  | -£12,742 | -£16,360  | -£25,558  |
| Site / Team / Customer Service Manager | £113,984   | £77,659  | £41,334  | £23,172  | £5,010   | -£17,028 | -£31,315  | -£67,639  |
| Librarians                             | £162,932   | £122,352 | £81,772  | £61,482  | £41,192  | £16,572  | £611      | -£39,969  |
| SLA / CSA Plus                         | £367,631   | £282,109 | £196,587 | £153,826 | £111,065 | £59,179  | £25,542   | -£59,980  |
| Admin Manager                          | £4,062     | £363     | -£3,336  | -£5,186  | -£7,035  | -£9,280  | -£10,735  | -£14,434  |
| Outreach Workers                       | £9,779     | £7,010   | £4,241   | £2,856   | £1,471   | -£209    | -£1,298   | -£4,067   |
| Admin Assistant                        | £31,249    | £22,218  | £13,187  | £8,672   | £4,156   | -£1,323  | -£4,875   | -£13,906  |
| Library Assistant/ CSA                 | £388,413   | £272,326 | £156,238 | £98,195  | £40,151  | -£30,278 | -£75,937  | -£192,024 |
| Weekend Assistants                     | £3,781     | £2,279   | £777     | £26      | -£725    | -£1,636  | -£2,227   | -£3,729   |
| Shelvers                               | £1,719     | £1,079   | £438     | £118     | -£202    | -£591    | -£843     | -£1,483   |
| Potential Saving / Cost                | £1,107,301 | £800,287 | £493,274 | £339,767 | £186,261 | £0       | -£120,753 | -£427,766 |