



London Borough of Hammersmith & Fulham
ENVIRONMENT AND RESIDENTS' SERVICES
SELECT COMMITTEE

DATE

January 16th 2012

H&F TRI-BOROUGH LIBRARIES MANDATE

Wards

ALL

SYNOPSIS

This paper sets out the vision and priorities for Libraries within Hammersmith & Fulham as part of arrangements to share services with Westminster City Council and the Royal Borough of Kensington & Chelsea.

CONTRIBUTORS

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RECOMMENDATION:

The Committee is invited to comment on the Mandate as part of the process of refinement and improvement.

CONTACT

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NEXT STEPS

The Mandate will be reviewed by the Cabinet Member for Residents Services following comments from the Select Committee.

1. INTRODUCTION

- 1.1. Cabinet agreed detailed business cases in June for the integration of Children's Services, Adult Social Care departments, elements of Corporate Services and boroughs' Libraries Services.
- 1.2. The business cases outlined how, through integration, boroughs can look to save over £33m by drastically reducing borough overhead costs for Adult Social Care, Children's Services and Environment Services.
- 1.3. The business cases were developed following extensive public consultation between February and May 2011 which concluded that there was substantial support for sharing services. Nearly 80% of staff, stakeholders and residents said that they understood the need to share services.
- 1.4. The business cases emphasised that boroughs would retain sovereignty. Tri-borough Executive Directors would work with boroughs individually to set out strategy and priorities. They would look to take advantage of opportunities to jointly procure and deliver services in order to drive down costs and improve service standards. However, Members will always be able to specify delivery on a single borough basis.
- 1.5. As part of the pledge to retain sovereignty, and as part of a Sovereignty Guarantee signed by each of the Councils, each individual service area considered for Tri-Borough arrangements have agreed to produce their own mandate stating the vision and the priorities for the services within Hammersmith & Fulham.
- 1.6. Cabinet agreed on December 5th 2011 that each of the Mandates be agreed as a basis for moving forward, but invited feedback from each of the relevant Select Committees.
- 1.7. The full Tri-Borough Libraries Mandate is in the appendix below.

2. Options appraisal on alternative delivery models

- 2.1. As part of the Tri-borough Libraries Business Case agreed by Cabinet in June 2011, it was agreed that an Options appraisal on new or alternative delivery and trading models would be carried out in 2011/12 in order to determine the most appropriate model going forwards.
- 2.2. This has now been carried out and the Members Steering Group has recommended a way forward as set out below.
- 2.3. As part of the Options appraisal, the Tri-Borough Libraries Programme Board examined the alternative delivery options available. A series of analysis papers were developed by officers (these are available as Background Papers) and discussed by the Libraries Tri-Borough

Members Steering Group in September and November 2011. These papers drew on evidence and research from other local authorities, the London Library Change Programme, and work from government agencies, such as the Museums, Libraries and Archives Council, published material in the technical press, and recent seminars and conferences for elected Members and others. The Analysis included the following:

- 2.4 A comparative assessment of the pros and cons of the full range of governance & legal models available for alternative delivery, including charities, employee-led mutuals, and private sector outsourcing. Six governance models and eleven legal formats were considered.
- A Tri-borough option, whereby we develop the in-house Tri-borough service to a point where it is established and able to enter the market, either on its own or in partnership.
 - These models were assessed in the context of the current strengths and weaknesses of Tri-borough Library services, as well as the future strategic direction and broader social & political context for library services, as set out in the original Tri-borough Libraries business case and the draft Mandates now being considered.
 - An analysis of the potential financial impacts (costs and savings/benefits) of the different options, including tax (VAT, NNDR), staffing costs, overhead costs and transitional costs.
 - Informal market research sessions held with 6 potential provider organisations in September 2011, about the opportunities and risks of outsourcing Tri-borough library services to a third party supplier.
 - Learning from the procurement exercise currently being undertaken by Croydon & Wandsworth Councils in relation to their libraries, the future results of which will provide a useful window into the emerging market.
- 2.5 Based on this appraisal, the Tri-Borough Members Steering Group concluded that:
- The current external market is immature with only one private sector operator actually delivering a service in one borough, and a handful of single-borough trusts (all covering wider leisure and cultural services), and a number of other companies expressing interest in entering the market, but with no core track record in library provision;

- Whilst some benefits were identified, there were also a number of significant risks in outsourcing at this time because of the immaturity of the market and the transitional state of the Tri-borough service;
- We are at a very early stage in implementing the integrated in-house Tri-borough service, and the full financial and service benefits have not yet been realised and there is more that can be achieved through this model at no significant risk;
- There is the potential for the in-house Tri-borough service itself to enter the market once it is more established, trading services to other authorities from its established base;
- There is the expectation of additional savings to library overhead and support costs (such as IT, Finance and HR) being achieved through Project Athena.

2.6 The Members Steering Group therefore unanimously recommends that the in-house option should be implemented, maximising all possible opportunities for cost –saving, income –generation and trading and that outsourcing options should not be pursued at this moment in time.

2.7 This is not intended to rule out any future decision to outsource the service, but rather to maximise benefits and opportunities that can be achieved without the expense and risk inherent in entering an immature market with a high performing set of services, and at the same time building additional market opportunities for the future.

3. COMMENTS OF THE DIRECTOR OF FINANCE AND CORPORATE SERVICES

3.1 The three mandates have been drawn up alongside the plans for the 2012/13 Tri-borough budgets and are consistent with them. The full details of the 2012/13 budgets will be reported to the relevant Select Committees in January 2012 alongside the mandates.

4. COMMENTS OF THE ASSISTANT DIRECTOR (LEGAL AND DEMOCRATIC SERVICES)

4.1 The Council's powers to enter into shared services arrangements have been set out in detail in earlier reports. The principles of the Sovereignty Guarantee will be incorporated into the legal agreements setting up the arrangements. The draft agreements also provide for each service to conduct an annual review of the service and an annual strategic agreement summarising the priorities, targets and budgets for the forthcoming financial year together with any variations to the arrangements. It is anticipated that the Mandates will form part of this

process, in addition to being an expression of the Council's sovereign priorities.

- 4.2 Officers are of the view that the proposals will have no negative impact on protected groups at this stage and indeed the purpose of the proposals is to protect front line services. Officers are mindful however that the PSED is an ongoing duty and due regard will continue to be given to the PSED as proposals are developed and implemented and appropriate action taken.

5. **RECOMMENDATION**

- 5.1 The Committee is invited to comment on the Mandate as part of the process of refinement and improvement. The Mandate will be reviewed by the Cabinet Member for Residents Services following the comments.

LOCAL GOVERNMENT ACT 2000 **LIST OF BACKGROUND PAPERS**

No.	Description of Background Papers	Name/Ext of holder of file/copy	Department/ Location
1.	The Tri-Borough proposals report (February and June 2011)	Kayode Adewumi 0208753 2499	FCS, 1st floor, Town Hall
2.	CONTACT OFFICER: Head of Governance and Scrutiny	NAME: Kayode Adewumi	