

Decision Maker: Renewal & Recreation Portfolio Holder

Date: For Pre-Decision Scrutiny by the Renewal and Recreation Policy Development & Scrutiny Committee on Tuesday 26 January 2016

Decision Type: Non-Urgent Executive Non-Key

Title: **COMMUNITY MANAGEMENT AT LIBRARIES: UPDATE**

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Chief Officer: Executive Director of Environment & Community Services

Ward: Plaistow & Sundridge, Hayes & Coney Hall, Mottingham & Chislehurst North, Bromley Common & Keston, Bickely, Shortlands, Cray Valley West

1. Reason for report

- 1.1 Following pre-decision scrutiny at the meeting of the Renewal & Recreation Committee on 18th March 2015, the Portfolio Holder decided to implement a new approach to the delivery of library services in difficult financial circumstances. This included agreeing to start a procurement process to identify suitable community management options for the borough's six community libraries.
 - 1.2 Members of the Renewal & Recreation Committee were provided an update on the tender process in November 2015 for their information, and were presented with an alternative option should no suitable community management arrangements be found, which includes community libraries in the commissioning of the core Library Service under a joint procurement exercise with the London Borough of Bexley.
 - 1.3 Following the evaluation of initial business plans and discussions with tenderers, officers now recommend that the Council awards preferred bidder status to one of the tenderers to enable them to work up the detail needed to finalise their business plan for community management at all six community libraries. Their final business plan will be submitted for evaluation before officers make recommendations about whether or not to award a contract.
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2. RECOMMENDATION(S)

2.1 The Renewal & Recreation Policy Development & Scrutiny Committee are asked to review this report and provide their comments to the Renewal & Recreation Portfolio Holder for consideration.

2.2 The Renewal & Recreation Portfolio Holder is asked to:

- **Note the progress made in the procurement process to identify suitable community management arrangements for the borough's community libraries**
- **Agree to award preferred bidder status to one tenderer subject to the detail set out in the accompanying part 2 report (DRR16/017)**

Corporate Policy

1. Policy Status: Existing Policy: Library Service Strategy
 2. BBB Priority: Children and Young People Excellent Council Quality Environment Safer Bromley Supporting Independence Vibrant, Thriving Town Centres:
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Financial

1. Cost of proposal: Estimated Cost: None identified however there are likely to be ongoing building maintenance costs and one-off IT costs
 2. Ongoing costs: Recurring Cost: Potential savings of up to £200k
 3. Budget head/performance centre: Libraries
 4. Total current budget for this head: £4.7m
 5. Source of funding: Existing revenue budget 2016/17
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Staff

1. Number of staff (current and additional): 105.1 FTE work across the library service, from which the community libraries under Council management require 11 FTE to provide frontline services.
 2. If from existing staff resources, number of staff hours: N/A
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Legal

1. Legal Requirement: Statutory Requirement:
 2. Call-in: Applicable:
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Customer Impact

1. Estimated number of users/beneficiaries (current and projected): In 2014/15, Bromley's library service recorded 52,129 active users across the whole network of libraries (an active user is defined as an individual who has had a transaction on their library account in the last year). The Library Service has a statutory duty to be available and accessible to all those who live, work and study in the borough. The 2011 census identified that 309,392 people lived in the London Borough of Bromley. In 2014/15 community libraries received the following number of visits:

Burnt Ash Library: 29,652 visits

Hayes Library: 31,748 visits

Mottingham Library: 37,587 visits

Shortlands Library: 29,004 visits

Southborough Library: 31,454 visits

St Paul's Cray Library: 35,922 visits

Ward Councillor Views

1. Have Ward Councillors been asked for comments? Yes
2. Summary of Ward Councillors comments: A summary of ward councillors comments will be provided at the committee meeting.

3. COMMENTARY

- 3.1 On 18th March 2015, the Renewal & Recreation Policy Development and Scrutiny Committee and Portfolio Holder agreed that officers should commence a procurement exercise to identify community management arrangements for the borough's six community libraries:
- Burnt Ash Library
 - Hayes Library
 - Mottingham Library
 - Shortlands Library
 - Southborough Library
 - St Paul's Cray Library
- 3.2 Community management may offer a way of retaining library services in these community locations whilst reducing operating costs to avoid making closures. As community libraries are the smallest in the borough, make the lowest number of issues and have the lowest number of visits, it was agreed that there was an opportunity to try and secure community management arrangements that make these libraries work more effectively for the very communities that they serve.
- 3.3 An advert seeking expressions of interest in community management opportunities was published on 12th May and advertised widely among residents, library users, local businesses and community and voluntary sector organisations. A detailed information pack was issued which contained a full range of procurement documents as was required under the new procurement regulations. The pack gave prospective bidders information about what would be required from any successful community management arrangements.
- 3.4 In order to express their interest, parties were asked to submit an application form before 5pm on 26th June 2015 which gave a high level overview of their vision for community management at the relevant libraries. Expressions of interest were received from five organisations and there were at least three expressions of interest for each community library.
- 3.5 Three organisations were shortlisted and invited to submit an initial business plan for each library and were provided with some additional information relating to the library premises and existing staffing arrangements. They were also invited to a meeting with officers and feedback on their expression of interest form was given to inform and guide them in the next stage of the process.
- 3.6 The initial business plans provided detailed information about the shortlisted organisations' plans for community management at community libraries and needed to demonstrate that they had adequately considered and planned for the responsibilities of community management, and that their proposals were sustainable. The initial business plan also included a financial section to demonstrate that proposals were based on a sustainable financial plan. All shortlisted organisations intended to charge the Council a management fee for providing community management, although this was on instruction that this fee should significantly reduce the Council's operating costs at community libraries.
- 3.7 Initial business plans were submitted on 9th October 2015 and were subsequently evaluated by an officer panel which included representatives from Bromley's Library Service, the Head of Procurement, Divisional Head of Finance and the Assistant Director for Culture, Libraries &

Leisure. Legal and HR advice was also sought to inform the evaluation which included a mark-up of legal documents.

3.8 The tender process was designed as a negotiated procedure to allow for flexibility to try and secure an arrangement which was sustainable and innovative and therefore the initial business plans could make alternative suggestions about how community management arrangements could be successful at community libraries.

3.9 As set out in the tender documents, the initial proposals identified in the business plan and marked-up legal documents were evaluated against:

- Price (50% weighting)

Prices have been evaluated in accordance with the Chartered Institute of Public Finance and Accountancy (CIPFA) model.

- Quality (50% weighting)

The quality of the business plan was assessed against the following criteria:

CRITERIA	Weighting
<p>About your group or organisation</p> <ul style="list-style-type: none"> • Demonstrate that your group has adopted a suitable legal structure OR has identified your preferred legal structure and is taking steps to adopt that structure • Demonstrate that your group has the capacity and, where possible, the experience to deliver its proposals. 	10%
<p>Vision for a community managed library</p> <ul style="list-style-type: none"> • Provide strong evidence of future demand for proposed services • Describe how services will be provided • Demonstrate how your proposal benefits the community • Demonstrate that the future sustainability of the proposal is credible • Demonstrate community support for your proposal 	20%
<p>Management and staffing</p> <ul style="list-style-type: none"> • Clear management structures are in place • Sufficient levels of skills and expertise are available to manage the service • Volunteers are recruited or there is a plan to recruit them • For proposals that include paid staff, the implications of TUPE have been considered and planned for. 	10%
<p>Opening hours</p> <ul style="list-style-type: none"> • The existing number and pattern of opening hours are maintained • Extension to opening hours have been considered where possible 	10%

<p>What assets will you need to provide the service?</p> <ul style="list-style-type: none"> • Clearly identify the assets required to deliver the proposal • Set out a plan for securing additional assets where required • Where the proposal seeks to relocate the library to alternative premises, clear information is provided to confirm that the premises is, or will be, adequate for the provision of a library service. 	10%
<p>Book Stock management</p> <ul style="list-style-type: none"> • Confirm that Council stock will be managed in accordance with the policy • Identify how any non-Council book stock will be managed, if applicable. 	5%
<p>Financial projections and cash flow</p> <ul style="list-style-type: none"> • Set out all known and anticipated costs, demonstrating an understanding of what is involved in providing a community managed library • Be clear about how income of support for revenue costs will be secured • Provide a cash flow statement including realistic estimates of expenses and income which demonstrates the viability and sustainability of the proposal. 	25%
<p>Compliance with legal requirements</p> <ul style="list-style-type: none"> • Clearly identify the legal requirements arising from your proposal • Demonstrate how these requirements will be fulfilled 	5%
<p>Risk awareness and mitigation</p> <ul style="list-style-type: none"> • Provide a risk analysis which includes actions for mitigation • Demonstrate that risks have been considered and evaluated and that actions for mitigation are proposed. 	5%
<p>Sustainability and improvement</p> <ul style="list-style-type: none"> • Demonstrate that you have a sustainable model for service delivery • Identify methods for seeking to improve or adapt the service to changing community needs • Provide evidence that you have processes to ensure business continuity • Analyse the impact of your proposal on your organisation. 	10%

3.10 The quality of the initial business plan proposals were scored in accordance with the scoring matrix below:

	Score	
Fail	0	No response to the criteria.
	1-2	Very poor - criteria not addressed or processes not acceptable
	3-4	Poor – missing major areas and not showing sufficient understanding of the key requirements
Pass	5-6	Minimum / satisfactory – awareness of the issues, but with some reservations
	7-9	Good – competent response, showing a high level of understanding and working practices
	9-10	Excellent – detailed understanding with a high level of understanding of the requirements, of working practices and of quality measures that provide the potential for real service provision, with no reservations.

3.11 Where initial business plans did not receive an unweighted score of 5 or more for any of the evaluation criteria, they were not invited to participate in the next stage (feedback and negotiation on their initial business plans.)

3.12 Remaining tenderers were invited to attend feedback and negotiation meetings on 19th November 2015. The purpose of this meeting was to:

- Provide feedback on the initial business plans based on the evaluation criteria
- Clarify any points of uncertainty
- Provide feedback on any proposals that differed from the Council's preferred position as set out in the tender documents
- Enable discussion to allow a workable solution for both the Council and the community organisation which could be developed into a final business plan.

3.13 Following the evaluation of the initial business plans and proposals which is further described in the Part 2 report (DRR16/017), the officer evaluation panel are recommending that one tenderer, who is proposing community management at all six community libraries, is awarded preferred bidder status. Preferred bidder status does not award a contract; it simply states that following the evaluation of the initial business plans, the Council believes that this tenderer has the potential to develop the most successful final business plan for community management at community libraries. This gives the Council and the tenderer more time to work together to develop a more satisfactory outcome for both parties. Awarding preferred bidder status has the following advantages:

- It provides the preferred bidder with assurances that the additional work required to develop their business plan is being seriously considered and that the Council is minded to work with them to reach a workable solution.
- It enables the organisation awarded preferred bidder status to declare themselves to the public whilst minimising their reputational risk in terms of the tender process. This will enable them to further develop their business plan through a more collaborative relationship with the local community, including residents and library users.

3.14 Should the Renewal & Recreation Portfolio Holder decide to award preferred bidder status, subject to the detail provided in the part 2 report, the Council will invite final business plans to be submitted. These will be evaluated in accordance with the published evaluation criteria above before officers make recommendations about whether or not to award a contract. Officers will make use of the negotiated procedure to present best and final offers that the community can offer in relation to these libraries.

3.15 An indicative timetable for the remaining part of the tender is outlined below:

Award preferred bidder status (including call-in)	w/c 8 th February 2016
Invitation to develop final business plans	w/c 8 th February 2016
Deadline for submission of final business plans	18 th March 2016
Evaluation of final business plans (including clarification interviews)	March – April 2016
Report on contract award options	At the first available committee

3.16 Members of the Renewal & Recreation Policy Development & Scrutiny Committee will remember that they were provided with a progress update on the tender process to identify suitable community management arrangements at their meeting on 27th October 2015. Officers presented an alternative option should no suitable community management arrangements be found. Officers recommended that, should no suitable community management arrangements be found, community libraries should be included in the tender for the whole library service.

4. POLICY IMPLICATIONS

4.1 The Renewal & Recreation Portfolio Holder approved a new approach to the delivery of library services following pre-decision scrutiny at the Renewal & Recreation Policy Development & Scrutiny Committee on 18th March 2015.

4.2 The approach is consistent with the Council's ambitions around vibrant, thriving town centres, supporting independence, children & young people, and an excellent Council under its vision for Building a Better Bromley.

4.3 The Council's Corporate Operating Principles include a commitment that services will be provided by whoever offers customers and council tax payers' excellent value for money.

5. FINANCIAL IMPLICATIONS

5.1 Organisations who expressed an interest in community management anticipate charging a management fee, however this was under the instruction that community management arrangements should significantly reduce the Council's operating costs at community libraries. Therefore the maximum full year saving of £250k reported in November 2014 and March 2015 is unlikely to be achieved and only a much lower part year saving will be achieved during 2016/17. Officers will present the best and final offer that the community can offer in relation to these libraries following the negotiated procedure.

5.2 No other costs have been identified at this moment in time, however there are likely to be ongoing building maintenance costs and one-off IT costs.

6. LEGAL IMPLICATIONS

- 6.1 This Procurement is compliant with the Light Touch procedure under the current Procurement Regulations. The proposal to award Preferred Bidder status to one tenderer is compliant with those Regulations. It must be noted that Preferred Bidder Status does NOT equate to the award of a contract.
- 6.2 The proposal to seek Community Management arrangements was subject to an Equality Impact Assessment and was taken having considered the outcome of public consultation.

7. PERSONNEL IMPLICATIONS

- 7.1 This report recommends that members agree to award preferred bidder status to one tenderer subject to the detail set out in Part 2 of the report and therefore at this stage there are no direct implications for staff. If the recommendation is agreed then during the period of finalising the business plan for the preferred bidder the staffing proposals will be considered, including any possible TUPE implications, redundancies, and the possible secondment of 2 new posts outlined in 3.11 of the report. There are 105.1 FTE employees within the library service of which 11 FTE employees work in the Community Libraries. Therefore if there is a proposal to make a contract award at a later point, 11 FTE will be directly affected by the proposals. To mitigate any possible impacts, the service has not permanently recruited to vacant positions and these posts will be available for displaced staff, in addition, some staff have requested voluntary redundancy and this will be considered.
- 7.2 Meetings with staff in relation to the overall proposals for the future of the library service have taken place and staff have been regularly updated in writing of progress made in relation to the procurement exercise to identify community management. Staff are generally unsupportive of the concept of community management. A summary of most recent staff responses can be accessed via this link:

<http://cds.bromley.gov.uk/documents/s50033814/Sp%20Exec%20091115%20Gateway%20Report%20-%20Proposals%20for%20a%20Commissioned%20Library%20Service%20-%20Appendix%203.pdf>

A summary of most recent comments from staff representatives can be accessed via this link:

<http://cds.bromley.gov.uk/documents/s50034078/Sp%20Exec%20091115%20Part%201%20Libraries%20Report%20-%20Summary%20of%20consultation%20with%20Trade%20Unions%20and%20Departmental%20.pdf>

- 7.3 Should officers recommend that the contract be awarded to the preferred bidder then there will be formal consultation with staff and their representatives and the outcome of consultation reported back to Members when recommendations are made about whether or not to award a contract. This consultation will be in accordance with Council policies and procedures and with due regard to the existing framework of employment law.

Non-Applicable Sections:	None
Background Documents: (Access via Contact Officer)	<p>DRR15/089 Gateway Report: Proposals for a Commissioned Library Service – report to the Executive Committee on 9th November 2015 (with pre-decision scrutiny by the Renewal & Recreation Policy Development & Scrutiny Committee on 27th October 2015)</p> <p>DRR15/090 Gateway Report: Proposals for a Commissioned Library Service - Part 2 – report to the Executive Committee on 9th November 2015 (with pre-decision scrutiny by the Renewal & Recreation Policy Development & Scrutiny Committee on 27th October 2015).</p> <p>DRR15/024 Update on the Library Service Strategy – report to the Renewal & Recreation Policy Development & Scrutiny Committee 18th March 2015</p> <p>DRR14/090 Library Service Strategy – report to the Renewal & Recreation Policy Development & Scrutiny Committee on 18th November 2014</p> <p>Equality Impact Assessment for Library Service Strategy</p> <p>Equality Impact Assessment for Proposals to Commission the Library Service.</p>