

**Decision Maker:**      **Renewal and Recreation PDS Committee**

**Date:**                      **13<sup>th</sup> December 2011**

**Decision Type:**      Non-Urgent                      Non-Executive                      Non-Key

**Title:**                      **LIBRARIES UPDATE**

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**Chief Officer:**              Marc Hume, Director of Renewal and Recreation

**Ward:**                      All

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1.    Reason for report

1.1    Further to the meeting of the Renewal and Recreation Policy Development and Scrutiny Committee on 5<sup>th</sup> July 2011, Members agreed that:

- the Executive be recommended to agree that there be no reduction in the hours of operation of the Borough's library service without further consultation with staff, their representatives, ward Councillors and library users and the opportunities to generate income also be investigated and a further report be submitted back to Members on the outcome;
- it be noted that the options regarding closure of any library will be the subject of further consultation with staff, their representatives, ward Councillors and library users and the completion of an Equality Impact Assessment prior to a further report on this option being submitted to Members;
- the Executive be recommended that the option as set out in the report to implement charges for the People's Network is not supported and should not proceed; and
- the responses received from staff and their representatives to date regarding entering into a "shared services" arrangement with the London Borough of Bexley be noted and the Executive be recommended to agree that the option of transferring a shared service into a trust as set out in the report be investigated further recognising the urgency involved in order to achieve savings on business rates.

1.2    This report updates Members on the 'Trust Option' for Libraries. In particular, the report identifies that as a consequence of the Government determining the baseline for rateable values earlier than predicted, that it would not be possible to establish a joint Libraries Trust with Bromley and Bexley within the necessary timescales.

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## **2. RECOMMENDATION**

- 2.1 That the Renewal and Recreation Policy Development and Scrutiny Committee note the content of this report.

### Corporate Policy

1. Policy Status: Existing policy.
  2. BBB Priority: Vibrant Thriving Town Centres.
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### Financial

1. Cost of proposal: N/A
  2. Ongoing costs: N/A.
  3. Budget head/performance centre: Libraries and Museum
  4. Total current budget for this head: £5.3m
  5. Source of funding: Existing controllable revenue budget for 2011/12
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### Staff

1. Number of staff (current and additional): 138.5 Fte
  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: Call-in is not applicable.
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### Customer Impact

1. Estimated number of users/beneficiaries (current and projected): 2,005,251 visits per annum.
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### Ward Councillor Views

1. Have Ward Councillors been asked for comments? No.
2. Summary of Ward Councillors comments:

### 3. COMMENTARY

3.1 Following on from the Executive's decision not to amend opening hours or the operation of the borough's library service, detailed questionnaires have been developed in conjunction with the Portfolio Holder for Renewal and Recreation. The intention is to gauge the opinions of 'library users' as a whole. Given that, usage, opening hours and the range of services available differs widely between libraries. Library specific questionnaires have been developed to capture these differences. The questionnaires will also cover the issue of charging for a range of services that are currently provided by the library service as well as the introduction of new services such as electronic books. The broad research objectives are as follows:

- To assess current usage of libraries (frequency and services used)
- To gauge how valued the library is and how it fits into their lives
- To assess reactions to closing specific libraries, including:
  - which other library/libraries people would be likely to use
  - the appetite for improving a library (as with Biggin Hill and Orpington) while closing a smaller library
  - use of the mobile library to 'fill in' for a closed library
- To gauge reactions to the idea of moving to a nearby location and reducing the number of books available, rather than closure
- To assess reactions to reduced days/hours of opening
- To gauge the likelihood of users to volunteer their time in preference to reduction in hours or closure
- For Biggin Hill and Orpington libraries, where it is not envisaged that the reduced hour or closure are in prospect, to gauge satisfaction with existing opening hours.

3.2 Copies of the draft questionnaires will be circulated to Ward Members to ascertain their views and comments. Following receipt of these comments, the questionnaires were finalised. It is proposed that the market research exercise will be conducted in the middle of January 2012, the outcome of which will be reported to the Renewal and Recreation PDS meeting in March 2012.

3.3 Having now completed the majority of work necessary to construct the libraries' shared services structure, officers have now sought to investigate further the concept of developing a joint Libraries trust with Bexley. Whilst examples of libraries operating as a trust exist across the country, officers have been unable to identify any stand alone library trusts in the UK. Typically, where library services exist in a trust they do so as part of a range of leisure and cultural services. Part of the problem is that a library service traditionally comprises a range of non-commercial services that do not generate sufficient revenue to sustain the service without core funding. It is considered that apart from the potential to generate savings from non-domestic rates (NNDR), a stand alone libraries trust offers little other financial incentive.

3.4 As previously stated the main saving from the creation of a libraries trust is the 80% mandatory relief from Business Rates. The Government's proposals on Business Rates Retention (BRR) are intended to allow local authorities to benefit from growth in business rates in their area. By implication therefore, any mandatory relief granted could have the

opposite effect and decrease the business rates and therefore income to the local authority. Individual authority business rates baselines will be established and authorities will be allowed to retain a proportion of additional business rates in future years, subject to the constraints of the scheme.

3.5 It had originally been assumed that the calculation of the baseline would be based on the 2012/13 rateable values, but the latest detailed consultation paper suggests that there are two options:

- Based on a Government return (NNDR) a spot calculation of Business Rates at 31 December 2011.
- Based on a Government return (NNDR) the average Business Rates collected over a number of years. The consultation document suggests that outturn data for 2010/11 and 2011/12 would provide an accurate reflection of what authorities had actually collected.

3.6 If either of these options were adopted it would mean that the creation of a libraries trust from 1<sup>st</sup> April 2012 and the associated mandatory relief would not generate any savings in the medium term as when the Business Rate Retention is introduced in 2013/14 Bromley's income from Business Rates could be less than the baseline.

3.7 The Government consultation process ended on 24<sup>th</sup> October 2011, however the outcome will not be known until the beginning of 2012 at the earliest. There would therefore be insufficient time to establish a libraries trust across two boroughs prior to 1<sup>st</sup> April 2012, if the position with regard to Business Rate Retention was positive for both Bromley and Bexley and assuming that both boroughs were in agreement with such an approach.

#### **4. POLICY IMPLICATIONS**

4.1 The review of the library service is entirely consistent with the Council's objectives around Vibrant and Thriving Town Centres as well as being in line with the Council's broader financial strategy.

#### **5. FINANCIAL IMPLICATIONS**

5.1 The consultation period on proposals relating to the Local Government Resource Review: Proposals for Business Rates Retention concluded on 24<sup>th</sup> October 2011. Responses to the consultation document will inform the final scheme design and final decisions on the rates retention model are awaited. The government intends to introduce business rates retention from April 2013.

5.2 There are two options for establishing a local authority's baseline within the consultation document:

- (i) a spot assessment based on estimated business rates income for 2012/13 derived from the NNDR1 return and using rateable values at 31<sup>st</sup> December 2011;
- (ii) an average of an authority's rates income over a number of years using actual outturn data derived from NNDR3 returns for 2010/11 and 2011/12.

The creation of a libraries trust from 1<sup>st</sup> April 2012 and the resulting application of mandatory rates relief would have the effect of reducing Bromley's retained income levels after the

baseline has been set. Although the consultation includes alternative proposals to help manage the effect of negative volatility in business rates income, it is not yet known which approach will be introduced and there is no guarantee of protection from any of the options.

- 5.3 Should the option of a joint libraries trust be considered further, officers would also need to explore whether there are any VAT implications arising from the terms of the agreement.
- 5.4 Members should note that the savings (£336k) from the non-domestic rates relating to the establishment of a library trust may no longer be achievable.

## 6. PERSONNEL IMPLICATIONS

- 6.1 The options identified will clearly have a significant impact on staff currently employed within the borough's library service.

## 7. LEGAL IMPLICATIONS

- 7.1 There were a number of pieces of legislation that affected the authority's decision-making on the delivery of a library service, in particular:
  - 7.2 The Public Libraries and Museums Act 1964 requires the authority to provide a "comprehensive and efficient" are not defined within the Act, however the Act requires local authorities to provide, free of charge, access for people who live, work or study in their area to borrow or refer to books and other material in line with their needs and requirements.
  - 7.3 The Race Relations (Amendment Act) (2000), Disability Discrimination Act (2005) and the Equality Act 2006 further place a duty on a public body to carry out equality Impact Assessments as soon as a new policy, function or service is considered.
  - 7.4 The Local Government and Public Involvement in Health Act 2007 and the new Statutory Guidance for the Duty to Involve as it places authorities under a duty to consider the possibilities for provision of information to, consultation with and involvement of representatives of local persons across all authority areas.
  - 7.5 In terms of the option identified by the Working Group whereby the authority would enter into an agreement with another authority for the joint management of library services, there are provisions contained within the Goods and Services Act 1976 and the Local Government Act 1972 that would enable this happen.

Non-Applicable Sections:	None.
Background Documents: (Access via Contact Officer)	