Derby City Council

Outline Business Case

Name	Community Library Future Operations
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Derby City Council

1. Background

1.1 Background Information

Direct Help and Advice's lease period for the Community Libraries came to an end on 31 March 2023. DCC then continued to deliver the Community Libraries during the process of finding the best delivery model for the future. Budget of £395,000 has been allocated to running and managing the current community managed libraires until new organisation is found to take over the facilities in a timely manner. There was an additional £20,000 budget to support the mobilisation back to DCC in 2023/24.

The community libraries are currently held in trust by DCC on behalf of the communities that they sit in.

Statutory Libraries:

- Alvaston
- Derby Local Studies and Family History Library
- Mickleover
- Normanton
- Riverside

Community Libraries:

- Allenton
- Allestree
- Blagreaves
- Chellaston
- Derwent
- Mackworth
- The Phillip Whitehead Memorial Library (Chaddesden)
- Sinfin
- Spondon
- Springwood

1.2 Background Documents

Derby Libraries – Advice Note 22.12.23 (Capsticks)

2. Outline

2.1 Scope

To identify the best operational model for the 10 Community Libraries, with consideration of the 5 statutory libraries.

If the best operational model would be to work with an external partner, to undertake the necessary process to engage a suitable partner, and to facilitate any transfer.

2.2 Organisation Priorities

To ensure that the library service provides a comprehensive and efficient public library service with its statutory provision and allows consideration for the community libraries to enable the delivery of services from the libraries to people who live or work in Derby.

Implementation of the operating model is to be done in a timely manner to reduce service pressures (budget and resources).

To ensure that the operating model chosen moving forward is lawful and all options are considered.

The resulting library provision is to be delivered in line with our statutory obligations, with regard to the most recent Strategic Needs Assessment (SNA), and with the aim of having a sustainable delivery model in the long term.

A new sustainable delivery partner is to be found, if required, and part or all of library services transferred to them.

That all key stakeholders are considered when deciding on the recommended model to ensure no one has less access than they currently have now.

2.3 Benefits / Deliverables

Benefits	Key Deliverables (Outputs)
The solution, once chosen and implemented, will contribute to the future resilience of the library provision in Derby.	Aspiration of 15 libraries across the city's library network.
Wider community involvement with the service development and delivery across the portfolio	Increased volunteering hours within library services.
Maintained access to the community library services	Commitment to an agreed minimum of operating hours for Community Libraries.
Improved library network and services and activities delivered in Derby	Increased community and volunteer engagement.
Increased opportunity to draw on external funding for the library service	Reduction of long term costs to the council Increased grants to support the library provision

4.4 Stakeholders
Key stakeholders include:

- Residents of Derby
- People who work in Derby
- Corporate leadership team at Derby City Council
- Library Service Team
- Library volunteers/groups
- Employees of Derby City Council
- Councillors
- Local media/press
- Revive Centre management team (Derwent Library)
- Springwood Leisure Centre management team (Springwood Library)
- Department of Culture, Media and Sport (DCMS)
- Capsticks (External legal support)

4.5 Options Considered
Having reviewed the advice received from the external legal support, options have been considered. Cabinet approval will be required to proceed with the recommended option.

Option 1 - Transfer to a new trust (Statutory and Community Provision Combined)
This option is covered in detail in "Derby Libraries – Advice Note 22.12.23" within section 7 – OPTION 1 – TRANSFER TO A NEW ENTITY.

Option 1 would involve the establishment of a new entity to take over the running of the libraries. This could be structured in a number of different ways. In each case, the Council would then enter into a services contract with the new entity for the provision of library services. The level of ownership and ongoing involvement that DCC would have in the new entity would depend on how the entity is set up. The report provided by external legal support covers this in more detail and provides detail on the requirements of procuring this option, and guidance regarding the approach to any assets that may be transferred under this option.

This model would be similar to that already in operation for Nottinghamshire Libraries via Inspire, Suffolk Libraries IPS, and Explore York.

The key steps to implementing this option, as paraphrased from the external legal support advice would be:
1. Prepare a specification setting out what DCC envisages for the library service moving forward and the Council's key requirements.
2. Soft market testing / consultation with community organisations, employees, and volunteers to assess the level of appetite amongst the community to establish a new entity.
3. Undertake a process to select a third party partner including preparation of tender documents and the form of contract.
4. Liaise with the preferred partner to establish the new entity.
5. Enter into the contract, leases of the properties and transfer of the staff, assets and contracts to the new entity.

Assessment of the option:

Strengths

Could support the requirement to provide a 'comprehensive and efficient library service'.

Entity would be created with the provision of DCC Libraries as its core function.

Governance structure of the trust could be guided by Council's ambition.

The complete library team's expertise would be transferred which would add strength to the longevity of the library network.

Weaknesses

A new Strategic Needs Assessment would be required as this represents a significant change from the 2016 assessment.

This would take a longer timeframe to deliver due to the need to conduct a strategic needs assessment. To note – the outcome of a new SNA might not support the model.

This would take a longer timeframe to deliver due to the need of establishing the new trust framework.

There would be external legal costs to set up the trust.

Resource, time, and cost to establish an entity.

Legal Implications

This option does not reflect the current Strategic Needs Assessment.

External legal support required to establish the trust and mobilise to the new entity.

Potential Risks and Opportunities

Potential Risk	Are we treating this as a Threat or Opportunity?	Established controls in place to mitigate	Further actions to mitigate
Judicial review of the library provision	Threat	Strategic Needs Assessment 2016	New Strategic Needs Assessment conducted if this model is approved
Financial – Operational budget pressures to setting up new trust	Threat	Budget monitoring	Establish quotes for associated works
Resources – Officer time to establish the operating model and undertake the transfer	Threat	Project team established	Project plan to be adopted.
Financial – legal fees for establishing / transferring to a trust if required	Threat		When operating model approved, quotes to be sourced and budget allocated to the project
That clear delivery requirements of the 5 statutory and 10 community libraries are set out as per the Strategic Needs Assessment.	Opportunity		Clear delivery levels and aspirations set out Within the governance framework of the trust
Long term sustainability of CMLs	Opportunity	Apply principles of Contract Management Best Practice to administration of Grant.	New entity's ability to access external funding to support provision.

Option 2 – Transfer to an existing trust (Statutory and Community Provision Combined)

This option is covered in detail in "Derby Libraries – Advice Note 22.12.23" within section 8 – OPTION 2 – TRANSFER TO AN EXISTING ENTITY (OUTSOURCING).

Option 2 would involve DCC entering into a contract with a third party, who would take on the delivery of the library services. This would be dealt with in a service / management contract. The report provided by external legal support covers this in more detail and provides detail on the requirements of procuring this option, and guidance regarding the approach to any assets that may be transferred under this option.

This option would be similar to that already in operation for Lincolnshire Library Service.

The key steps to implementing this option, as paraphrased from the external legal support advice would be:
1. Prepare a specification setting out what DCC envisages for the library service moving forward and the Council's key requirements.
2. Undertake a process to select a third party partner including preparation of tender documents and the form of contract.
3. Enter into the contract, leases of the properties and transfer of the staff, assets and contracts to the new entity.

Assessment of the option:

Strengths

Fewer steps – no soft market testing and no requirement to establish the entity.

Could support the requirement to provide a 'comprehensive and efficient library service'.

Some or all of the library team's expertise would be transferred which would add strength to the longevity of the library network.

Weaknesses

A new Strategic Needs Assessment would be required as this is a significant change from the 2016 assessment.

Less opportunity for Derby City Council to steer the future provision and delivery of the library services.

Cost and resource and time required to procure an existing entity and mobilise.

Legal Implications

Does not reflect the current Strategic Needs Assessment.

Contracts and assets transfer information.

Potential Risks and Opportunities

Potential Risk	Are we treating this as a Threat or Opportunity?	Established controls in place to mitigate	Further actions to mitigate
Judicial review of the library provision	Threat	Strategic Needs Assessment 2016	New Strategic Needs Assessment conducted if this model is approved
Timeframe to conduct Strategic Needs Assessment and find a new organisation	Threat		Budget to be monitored to ensure does not add short term pressure to service
Financial – Operational budget pressures if management fee or grant is provided	Threat	Budget monitoring	Establish grant award framework.
Resources – Officer time to establish the operating model and undertake the transfer	Threat	Project team established	Project plan to be adopted.
The trust does not want to operate the provision from the existing library buildings	Threat / Opportunity	Strategic Needs Assessment 2016	Review of the assets and opportunities for future use
That clear delivery requirements of the 5 statutory and 10 community libraries are set out as per	Opportunity		Clear delivery levels and aspirations set out Within the procurement documents

the Strategic Needs Assessment.			

Option 3 – Do nothing / Retain in-house.

If we 'Do Nothing' we would remain in a situation where the 10 community libraries are managed by DCC's in-house Library Service. As the Library service is only resourced to manage the 5 statutory libraries, this would not be sustainable in the long term, and poses a strain on resources in the short and medium term.

This option is not supported by the most recent Strategic Needs Assessment which is the foundation for the model adopted where the 10 community libraries were operated by a third party. This raises the risk of a judicial review.

This option also holds a significant risk that some or all of the community libraries may have to be closed due to a lack of sufficient funding. This would not be in accordance with the current administration's manifesto commitments.

Option 4 – Retain the five statutory libraries and transfer of community provision to an external trust.

As a result of the legal advice received a further option has been considered that only looks to provide a solution for the management of the 10 community libraries. *This option is covered in detail in "Derby Libraries – Advice Note 22.12.23" within section 10 – OPTION 4 – RETAINING THE SEPARATION BETWEEN THE FIVE STATUTORY LIBRARIES AND THE TEN COMMUNITY LIBRARIES.*

This would involve DCC transferring the community libraries to a third party, who would take on the delivery of the community library services. The report provided by external legal support covers this in more detail and provides detail on the requirements of procuring this option, and guidance regarding the approach to any assets that may be transferred under this option.

Under this option DCC would not be moving too far away from how the provision of the libraries was following the last Strategic Needs Assessment in 2016.

The key steps to implementing this option would be:
1. Prepare a specification setting out what DCC envisages for the community library service moving forward and the Council's key requirements.
2. Undertake a process to select a third party partner including preparation of documents.
3. Enter into the agreement, leases/transfer of the properties and transfer of the staff, assets and contracts to the new entity.

Strengths

Fastest route to establishing a stable delivery for libraries across the city.

DCC retains control of the statutory library provision and how this is delivered.

Expertise retained by DCC to deliver the statutory service.

Opportunity to focus DCC resources on the statutory service.

An opportunity to maintain the current library service at its current levels.

Opportunity to set out aspirations for the community library provision.

Ability to conduct and review a new strategic needs assessment to ensure that the statutory provision still meets the needs of Derby.

Weaknesses

Less opportunity to steer the way the community libraries are delivered in the future.

The new entity may wish to operate the community libraries more independently from DCC. This could mean that Derby's statutory and community library networks operate separately.

Legal Implications

Is supported by the current Strategic Needs Assessment.

Potential Risks and Opportunities

Potential Risk	Are we treating this as a Threat or Opportunity?	Established controls in place to mitigate	Further actions to mitigate
Financial – Operational budget pressures if grant is provided	Threat	Budget monitoring	Establish grant award framework.
Resources – Officer time to establish the operating model and undertake the transfer	Threat	Project team established	Project plan to be adopted.
No interest shown to take over all or part the community libraries	Threat	Previous EoI showed interest for the operation	Communication and engagement plan adopted. Asset management plan.
The trust does not want to operate the provision from the existing library buildings	Threat / Opportunity	Strategic Needs Assessment 2016	Review of the assets and opportunities for future use
That clear delivery of the 5 statutory and 10 community libraries as set out as per the Strategic Needs Assessment.	Opportunity		Clear delivery levels and aspirations set out within the procurement documents

4.6 Community Managed Library or Community Supported Library

In the advice received from legal support, clarification was provided on the differences between Community Managed Libraries and Community Supported Libraries.

The Strategic Needs Assessment of 2016 indicated that there was a market for 10 Community Managed Libraries. This is the basis of the current operating model. Within this model, DCC could offer some level of support to the incoming operator. This could include provision of grant, core and new book stock, public computers, Wi-Fi, professional library support and training.

Financial sustainability of community managed libraries will be dependent upon the continued support from the council and/ any other third parties and the community's effectiveness in fundraising.

The Community Managed Library model enables increased community involvement in, and control over, local library services and allows the community to shape the services to meet the local needs.

3. Considerations

Area	Consideration of possible impact
Political	Political and organisational ambition is to keep all libraries open.
Economic	Sustainable grant funding levels at a level appropriate for the support of the community libraries. Opportunities for external entity to access grants and funding that are not available to LAs.
Social	Opportunity for the community to develop skills through volunteering. Community led approach contributing to community cohesion. Services model for local community needs.
Technological	Continued access to public PCs, Wi-Fi, and digital literacy. Contribute to improving access to digital services and counteract the digital divide. Hardware, Software consideration will be required for the future operation of the building in relation to library management system, Wi-Fi, public access PC and associated software.
Legal	That the future operation of the community libraries reflects the strategic needs assessment and DCC's statutory provision requirements
Environmental (including climate change)	Age of buildings and energy performance. Maintaining a local provision enables travel to local library by sustainable means and keeps overall travel lower.
Partnerships	Wider support from Local community organisations and trusts to deliver the community library network. Increased community involvement in, and control over, local library services. Allows the community to shape the services to meet the local needs.

4. Financial

All of the options would have to be delivered within the current service budgets set out within the Medium-Term Financial Plan.

If there is a transfer of the statutory element of the service, a management fee is very likely to be required.

For the delivery of the community libraries the Council could provide a grant within available budget set out within the Medium-Term Financial Plan. The support required will be negotiated as part of the formal process to find a trust. The total grant available may be impacted by the level of support required by the trust.

5. Approvals

A report will be taken to Cabinet in order to gain formal approval to proceed with the recommended option.

Author	Graham Bentley	Date	**01/02/2024**
Sponsor		**Date**	