



Developing the local government services market

New ways of working and new models of provision within the public library service – a working paper



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On 5th May 2006 the responsibilities of the Office of the Deputy Prime Minister (ODPM) transferred to the Department for Communities and Local Government.

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Executive Summary

This draft discussion paper sets out the key findings from recent research undertaken by PricewaterhouseCoopers LLP (PwC) on behalf of the Department for Communities and Local Government. The paper considers some of the key challenges facing library services within local government, and the potential for the introduction of new models of service delivery. This paper was completed in August 2006 and is part of a wider study of key local government supply markets. The findings contain messages for policymakers, local government stakeholders, and potential new suppliers operating within the sector.

Policy context

The public library service in local government faces a number of challenges, which prompt consideration of:

- extending traditional activities – the promotion of reading and informal learning – by providing access to digital services, and contributing to social inclusion
- agreeing the key performance objectives of a modern service that are outlined in policy statements such as *Framework for the Future*¹
- building upon the public perception of libraries as a trusted civic amenity, whilst improving take-up of a service that, despite a recent history of under-investment, is now enjoying an increase in available resources
- increasing available capacity and making the best use of high quality management and staff resources to deliver change

Challenges and opportunities

The challenges and opportunities available to stimulate further improvement in the delivery of library services include:

- re-balancing key service priorities, whilst adding capacity to deliver new services
- addressing the disparities between the best and worst performers in the public library service, a key theme explored in *Framework for the Future*
- exploring new ways of working as a stimulus to improving traditional service delivery
- moving the debate forward from one focused on **what** to deliver, to initiatives tackling **how** to deliver new objectives and new services

¹ *Framework for the Future: Libraries, Learning and Information in the Next Decade*, Department for Culture, Media & Sport, 2003.

The future development of public library service delivery could be stimulated by a variety of options including:

- increasing the efficiency and effectiveness of stock procurement, cataloguing and preparation, along the lines set out in MLA's recent report *Better stock, better libraries*²
- considering new ways of delivering core services through technology, analogous to those being explored elsewhere in local government, for example subscription-based on-line lending and direct delivery of stock
- high-performing local authority public library services supplying all or part of the library service to other councils through trading/partnering arrangements
- integrating library services across council boundaries through shared services arrangements
- 'market making' activities to encourage private sector organisations to partner with local authorities to deliver part, or all of the library service
- further development of new delivery mechanisms such as mutual trusts
- the transfer of ownership and/or management of branch libraries to local communities

Moving forward

The service will also need to respond to the wider challenge outlined for local government, including:

- the move away from a narrowly defined service delivery role towards a strategic commissioning role as a way of delivering service outcomes
- the need to build upon the role of libraries as 'community hubs' through new ways of working that enable a truly user-focused service, linked to the concept of 'cultural entitlement' that is currently being explored by policy makers and some library services
- the requirement for revitalised performance management metrics, which truly reflect the multi-functional nature of library services and the strategic outcomes which local government is trying to achieve
- the genuine potential for service development through partnership working on a public-public, public-voluntary or public-private basis
- a focus on the efficiency of the service, within which not only stock acquisition, but also estates and staffing are key drivers of overall service costs

² *Better stock, better libraries: transforming library stock procurement*, PricewaterhouseCoopers, 2006.

The opportunity for the public library service to consider new delivery models in tackling the challenges which face the service is well-timed. The sector needs to move on from the re-visioning activities given by reports such as *Framework for the Future*, and put an equivalent amount of thought and effort into the operational options for delivery to meet the new mission. The trigger for this could be some equally influential initiatives focused directly on exploring new delivery options.

It is clear that the sector recognises the challenges, but equally clear that there has, up until now, been limited thinking on new delivery options as means to respond to these challenges. If that is the major challenge for the professionals and politicians in local government, it is equally clear that without further encouragement and engagement, neither willing local authorities, nor the private or voluntary sectors are likely to develop the innovative offerings that will provide the capacity injection that new delivery options could provide.

What is now needed is a continuing dialogue that expands upon that begun through the development of this paper and draws in a wider spectrum of opinion from the policymakers and practitioners in this area, as well as potential new suppliers into the sector.

Introduction

- 1 This working paper is one of a series that highlight findings from research undertaken by PricewaterhouseCoopers LLP (PwC) into key local government services markets, on behalf of the Department for Communities and Local Government. This paper focuses on the current and future development of public library services, and is designed to support debate and discussion of key issues by stakeholders. This paper was completed in August 2006.
- 2 The evidence sources for the paper include a roundtable meeting of local authority stakeholders, relevant professional bodies, suppliers and policymakers that was convened and facilitated by PwC in 2005, subsequent cross-cutting workshops and other referenced research evidence. Where the views of particular stakeholders or groups of stakeholders are described in this paper, these are not necessarily shared or endorsed by either PwC or the Department for Communities and Local Government. Our work has been undertaken in accordance with the terms and conditions agreed between ourselves and the Department on 26th July 2004. We do not accept any duty of care or responsibility to any party other than the Department. Any oral comments made in discussions as concerns our reports and letters are not intended to have any greater significance than explanations of matters contained in the final written reports or letters. We shall not be held responsible for oral advice unless we confirm such advice formally in writing.

Background and service context

- 3 The provision of public libraries has a long tradition within local community services dating back over 150 years. Current library services are underpinned by the Public Libraries and Museums Act, 1964 ('the Act'). The Department for Culture, Media and Sport (DCMS) provides the Government focus for the 149 library authorities delivering the services to the public.³ Funding for the service comes via the Rate Support Grant mechanism for local authorities from the Department for Communities and Local Government.
- 4 Analyses of the current state of library provision follows two main themes. The first of these themes is the value and reach of such services to local communities. Reports such as the Audit Commission report – *Building Better Library Services* (2002) – indicate both the scale of usage (290 million visits in 2000/01) and penetration (almost 30 per cent of the population are users).⁴ The Museum Libraries and Archives Council (MLA) echo this in more recent statistics noting 318 million book loans per year from over 90 million books.⁵ The breadth of usage is no longer restricted solely to books, with over 34 million issues of DVDs, videos, CDs, Talking Books etc, and increasing use of 25,000 PC terminals available as part of the People's Network initiative. This expansion into electronic delivery of information was accelerated by the £120 million programme funded by the New Opportunities Fund and managed by the MLA.

3 All county councils and unitary councils are library authorities.

4 *Building better library services*, Audit Commission, 2002.

5 MLA web site www.mla.gov.uk/action/framework/framework_01.asp

- 5 Other analyses identify more subjective qualities of libraries, such as their contribution as a ‘community hub’, particularly for education and learning. Both the mainstream activities – supporting active reading, learning and the wider support of access to information; plus the specialist provision to the vulnerable – housebound, hospitals, prisons and senior citizen groups – add to the quality of community life where a library service is operating successfully.
- 6 The second theme is less positive. It remains a fact that, monitored against traditional measures of usage, public library services have been in decline. The Audit Commission noted:
 - that from 1992 to 2002, visits fell by 17% and book loans by almost a quarter
 - a 23% drop in people using libraries for borrowing in the three years preceding its report
 - that neglect may be one cause of this decline, with spending down by one third since 1992-93, and 9% fewer libraries open for more than 30 hours per week
- 7 However, the more recent statistics from the MLA indicate that this decline may be starting to slow. They report that book acquisition increased by 10.8% between 1998-99 and 2003-04, and a rise of 27.5% in expenditure on staff over the same period.⁶ In the same year a rise of 1.5% on the number of library visits was achieved. More recent data suggests that in 2004-05, a 7% increase in visits on the previous year was achieved, totalling almost 340m total visits. It may be that the Peoples Network initiative is contributing to this reversal, since it delivered 11.7 million visits in 2002-03.
- 8 Analysing overall expenditure in the sector, the most recent CIPFA statistics⁷ shows that total expenditure rose from £825m in 2001-02, to £878m in 2002-03, with a further increase in 2004-05 to £990m. Within these figures, staff costs account for approximately half the total – an indication of a service intensive sector. Expenditure on books is typically 9-10% which is well below historic levels of 17-18% on books and other materials. Other supplies such as CD/DVD and electronic services account for 10% of expenditure. However, the increase in both staff costs and costs of buying books and other materials are both smaller than the overall increase in rate of expenditure.
- 9 There have also been recent attempts to define clearer strategic objectives for the service as a whole, coupled with supporting performance metrics. Recent changes in both expenditure and usage of libraries followed the introduction in 1998 of Annual Library Plans (ALPs), subsequently succeeded by Position Statements until 2004. Library Services also report against Public Library Standards introduced in 2001, to help define what is meant by “comprehensive and efficient” under the Act. However a Select Committee report in 2005 noted that these ten national standards show limited ambitions, which even so, are not being achieved: *“We regard a situation in which core performance indicators, and gross throughput, are falling – but overall costs are rising – as a signal of a service in distress.”*⁸

6 LISU Annual Library Statistics 2005, Creaser, C., Maynard, S. & White, S., 2005.

7 Total Net Expenditure for England, Scotland, Wales, and Northern Ireland in *Public Library Statistics: 2005-6 Estimates and 2004-05 Actuals*, CIPFA.

8 *Public Libraries: third report of the committee on Culture, Media and Sport*, House of Commons, 2005.

- 10 The key catalyst for improving local services was the report published by DCMS in 2003 – *Framework for the Future* – which delivers a national public library strategy. The key objectives it sets out to tackle include:
- the promotion of reading and informal learning
 - giving access to digital skills and services including e-government
 - contributing to measures to tackle social exclusion, building communities and develop citizenship.⁹
- 11 *Framework for the Future* identifies the need to build capacity to deliver such a transformation and acknowledged as an important step in renewing library services. The report sets out a modern mission for library provision, however, it explicitly does not explore how these new goals should be achieved. It seems therefore that much recent policy thinking on libraries may have identified a revitalised role for the service, but that local authorities tasked with delivering this new role have an important part to play in identifying their own route to success. Although the MLA has developed an Action Plan and Improvement Programme to take forward some of the key proposals within *Framework for the Future*, working collaboratively with local services.
- 12 This strategic vision should also be seen in the context of wider policy developments, including the recent work to revise DCMS library standards and the development and launch of public library impact measures. These moves are indicative of the increasing recognition by public libraries of the need to demonstrate more systematically the impact on communities and individuals that library staff and many others in the sector have long recognised. Partnership working – both within and outside the sector – has formed a key element of this contribution. It is in this context that we set out below the challenges and opportunities facing the public library service.
- 13 In addition, the Advisory Council on Libraries (ACL) has commissioned work to develop revised library standards, which resulted in the suggested DCMS impact measures that were launched in March 2005 for initial collection by libraries in the financial year 2005-06.¹⁰ This work has been complemented by wider research, including the Libraries Impact Project, which was undertaken by PwC on behalf of the Laser Foundation.¹¹ The project developed a series of techniques and methodologies to support library services in measuring their impact. The experience of the pilot authorities which supported the study suggests a range of benefits to library services in guiding the focus and shape of new initiatives.

9 *Framework for the Future: Libraries, Learning and Information in the Next Decade*, Department for Culture, Media & Sport, 2003.

10 See: www.mla.gov.uk/website/programmes/framework/framework_programmes/impact_measures

11 *Laser Foundation: Libraries Impact Project*, PricewaterhouseCoopers, 2005.

- 14 More generally, the role and profile of public libraries has been the subject of significant and wide-ranging debate in recent years. High-profile challenges to current approaches to public library provision through, for example, the 2004 Tim Coates/Libri report¹² have led to a vigorous response from the sector to demonstrate the clear and distinctive contribution that libraries can make in a range of policy areas. This move has reflected an awareness that libraries – in common with other services – will increasingly need to demonstrate that they are providing an efficient and effective service that is relevant to the needs of local communities.

12 *Who's in charge? Responsibility for the Public Library Service*, Coates, T., 2004.

Challenges and opportunities facing the service

Current challenges

- 15 Discussions during the study suggested that there were a number of capacity constraints that will need to be overcome if successful delivery of the agenda set out in *Framework for the Future* is to be achieved by the library service.
- 16 A key issue facing policy makers and practitioners is whether the decline in library usage can be arrested through new methods of service delivery. The trends in library usage and funding were illustrated in the Audit Commission report discussed above. The situation had, until recently, been a ‘vicious circle’ where lower usage fuelled lower budgets which in turn restricted usage further, thus creating an on-going decline. Recent spending trends have reversed the decline in funds at ‘top level’, putting in significantly more expenditure. Available data on usage is harder to interpret; the decline may have bottomed out, but it is difficult to predict whether previous levels of usage will be regained.
- 17 However, despite an improved settlement overall for public library services, the experience of many local library services is that their budgets continue to be under pressure at individual local authority level, in comparison to other major services that have benefited from targeted funding initiatives – for example education budgets – potentially weakening the contribution that public library services can make to the achievement of local policy objectives. Perhaps not surprisingly therefore, discussion at the roundtable regarding the challenges faced by the service focused on perceived resource shortfalls; not only finance, but also the lack of skilled staff, and uneven stocks of books and other infrastructure such as ICT.
- 18 The 2005 Select Committee report confirmed that public library service quality is patchy; although there are a number of excellent services across the country, a number of services offer poor value for money.¹³
- 19 Previous analysis has suggested that less than 25% of library Best Value reviews resulted in efficiency gains, despite analysis by the Audit Commission which has identified significant potential to produce efficiencies. Moreover, for the same spend per head, some libraries achieve several times the number of visits, and staff costs per head have varied significantly. Securing efficiency gains – in a manner consistent with Gershon principles – has thus been seen by the DCMS and MLA as a key means of enabling higher investment in services and improvements to the quality of service to communities. Indeed, the DCMS and MLA have stated that “*it is crucial that where efficiencies can be found, library authorities are supported in doing so in order that resources can be redeployed to ensure a tangible improvement in services*”¹⁴.

13 *Public Libraries: third report of the committee on Culture, Media and Sport*, House of Commons, 2005.

14 *Efficient public libraries: Joint statement from the Department for Culture, Media and Sport and the Museums, Libraries and Archives Council*, 2005.

- 20 As we have noted, the publication of the Select Committee report brought additional focus to the debate around the focus and nature of current and future public library provision. Indeed, the DCMS and MLA have noted that – amongst a series of wider recommendations – the Committee’s report calls for local authorities and other funding bodies to support MLA’s improvement programme for libraries by:
- extending opening hours
 - diversifying the library workforce and services on offer and involving the community
 - maintaining free internet access
 - establishing a major investment programme to renovate and sustain public library buildings
- 21 Furthermore, as we note elsewhere in the report, there is emerging evidence to suggest that some parts of the public libraries sector are willing to consider both new ways of working and new models of provision. The development of community trust models, for example, and the exploration by some library authorities of the potential for ‘trading’ of high quality services by individual authorities, as a mechanism for capacity-building and practice transfer, are indicative of a service that is opening up to new ways of delivering improvements.
- 22 Crucially, the DCMS and MLA have also highlighted the Select Committee’s reference to *“co-ordinating book procurement, reducing book overheads and increasing the range of resources available to users.”*
- 23 Although the challenges facing individual services vary on an authority-by-authority basis, consensus seems to exist that as ‘benchmarks’ of a good service, the following issues need attention in improving the service overall:
- appropriate stocks of books and other material for use or loan
 - access to the library at times relevant to customers
 - location in easily accessible venues, convenient to customers
 - customer service that matches user experience of comparable services
 - surroundings conducive to use by customers.¹⁵

15 *Public Libraries: third report of the committee on Culture, Media and Sport*, House of Commons, 2005.

- 24 The major blocks of expenditure related to public library services reflect these priority areas. Staff costs constitute around half of overall expenditure on public library services. Premises and support services are the next largest outlay, with each at around 12% of the total. Books and other supplies are also roughly equal in cost at about 9% each of the total.¹⁶ Initiatives to improve public library services must therefore respond not only to the challenge of improving services, but doing so in a cost-effective manner that recognises the demands of the Efficiency Review. In particular, initiatives that make best use of scarce and expert management and staff resources are likely to be a key to sustained improvement and to responding to the demands of more efficient service delivery. Two reports commissioned by MLA, *Public Libraries: Efficiency and Stock Supply Chain Review*¹⁷, and the more recent report *Better Stock, Better Libraries*¹⁸, have both been positively endorsed by both DCMS and MLA for these reasons. *Better Stock, Better Libraries* has set out radical proposals for transforming stock procurement in public libraries, and recommends wholesale improvements in commissioning, procurement, working processes and ICT.
- 25 A final dimension that is worth considering is how best to identify specific areas on which improvement efforts can be focused, given the diverse elements that make up a public library service. Participants in this study discussed some potential segmentation of public library services into the following key areas:
- the core library service, with associated management and branding
 - the library 'back office', book purchasing, support services and finance
 - the library property portfolio
 - community functions, including links to lifelong learning, community support and wider service information
- 26 This might provide a useful way to structure future discussion about the suitability of new delivery models, new ways of working and alternative providers within the library service, which were also a focus of debate at the roundtable meeting.

New ways of working

- 27 It may be that because the focus in national policy terms until recently has been about **what** to deliver, service-wide initiatives on **how** to deliver at a local level have developed less rapidly. Whatever the reason, it seems that the public library service has remained largely untouched by the increasing trend in other parts of local government to develop a mixed economy of delivery, with public sector, private sector and voluntary sector partners providing key contributions and acting as a stimulus to make best use of scarce resources, leveraging capacity and innovation across key services.

16 *Public Library Statistics: 2005-6 Estimates and 2004-05 Actuals*, CIPFA.

17 *Public Libraries: Efficiency and Stock Supply Chain Review*, PKF, 2005.

18 *Better stock, better libraries: transforming library stock procurement*, PricewaterhouseCoopers, 2006.

- 28 Despite the recent development of a small number of high-profile PFI schemes to provide improvements to the libraries estate, there has been little engagement of the private sector in the public library service to date. The private sector has a role, albeit narrowly-defined; it provides books, and it also adapts technology to support the administrative processes for book issue and receipt. Since information is central to library services, technology is also extensively used to support the wider information dissemination function of libraries. Nevertheless, the degree of direct involvement of either the private or the voluntary sector, alternative public sector suppliers or even cross-boundary working between councils in the provision of public library services is minimal. Self-supply is overwhelmingly dominant.
- 29 The potential for increasing the contestability of library services as a stimulus to improved local services, is viewed with scepticism by stakeholders within the practitioner community. This may be because an active 'market' comparable to other local government sectors is an untried concept, but also perhaps because the phrase 'market' suggests a focus only on private sector providers as an alternative to incumbent public sector providers.
- 30 Whilst different forms of private sector partnership could be relevant, other options such as syndication, franchising, trading and other forms of joint working between local authorities, as well as an increased role for not-for-profit and community sectors, might all offer initial steps towards increased contestability and choice within the public library service. Other parts of local government are actively pursuing the potential to provide joint working between local authorities to support integrated service delivery across wider geographical areas, either for the purposes of better services, increased efficiency, better use of scarce expertise, generating scale economies in the use of key assets, or some combination of these drivers.
- 31 Some joint working between authorities on libraries has taken place, though this has not been a consistent picture. Nonetheless, joint working have proved highly effective in improving public library services, such as the development of the Peoples' Network set out above, which has recently been extended to provide a subscription-based, 24/7, libraries enquiry line, to which around 90 local libraries services have subscribed to date. These examples illustrate the potential of extending joint working models to tackle the uneven quality of public library services.
- 32 The next section of the paper explores what some of these delivery models might look like, and assesses the potential benefits and risks associated with them. Before that however, and given that these delivery models represent a novel concept for the public library service, it is worth considering the differences between this service and several of the other parts of local government, which have embraced these kinds of delivery models.

- 33 In some of the sectors that have more active ‘markets’, there is closer alignment between local government's needs those of the wider public sector, and wholly private sector markets. For example, ICT requirements across local government and other sectors have many elements in common, such as infrastructure, support and even some application systems. The public library service does not fit this model. However, active markets in ‘white collar’ professional services using either the private sector or other delivery partners have become established across some services, where local government represents a very large share of total demand, such as aspects of social care and housing services. Libraries have more in common with this second group of sector-based markets. It is clear, therefore, that the specialised nature of the service is not reason enough on its own to explain the limited introduction of new delivery models.
- 34 Secondly, although the public library service has some parallels to other areas in local government that have active markets, its size may prove a drawback in attracting alternative suppliers. The total market potential is under a billion pounds and the fact that it is delivered across well over a hundred responsible authorities, means that the individual contract values and potential margins might be assumed to be low. This is an issue picked up in more detail later in this paper.
- 35 Finally, an important factor that may indicate why new delivery models have not been prevalent in the public library service is that Compulsory Competitive Tendering (CCT) was not targeted at this service to the same extent as for other blue and white collar services that were subject to CCT. Participants at the roundtable suggested that was partly the result of the findings of a KPMG study on behalf of the Department of National Heritage to investigate the feasibility of the introduction of CCT in public libraries, which did not find compelling evidence of potential cost saving benefits or improvements in the quality of services.
- 36 Although the remit of later Best Value legislation does encompass libraries, the impetus to challenge the in-house provision of library services seems not to have been strong enough, with the exception of a very small number of cases, to result in any fundamental assessment of the “make or buy” decision. In other sectors, Best Value has acted as a trigger for authorities to question whether they are the only, or the best provider of the deliverable. Once such a trigger exists, the creativity in exploring alternative delivery models is opened up.

New models of public library service provision

- 37 Two broad options in relation to new ways of providing public library services were explored in detail at the roundtable meeting. A third has been sketched out below for further consideration:
- models were considered which **exploited the potential of joint working, inter-authority ‘trading’ and shared services.**
 - options were explored that propose an **increased contribution from the private or voluntary sector in service delivery.**
 - **options for increasing neighbourhood ownership and/or management of local branch** libraries are considered.

- 38 These options are designed to be considered alongside the potential for integrating stock procurement and improved supply chain management set out recent reports on this subject commissioned by MLA.¹⁹ A summary of the key points from these reports is set out at the end of this section of the paper.
- 39 DCMS and MLA have commissioned further work into possible models of stock procurement project as a further step from the range of activities under the broad umbrella of *Framework for the Future* – including ongoing work on improving stock procurement – through which the DCMS and MLA have sought to focus attention on:
- Ensuring gains in both efficiency and effectiveness, by standardising transactional processes such as supply chain management in stock procurement, and in doing so freeing up the time of professional library staff to focus on direct engagement with service users and other value-adding activities.
 - Widening the supply market of libraries stock through the use of new models for procurement of supplies and standardisation of requirements across individual local authorities.
 - Addressing uneven service levels and barriers to change identified in *Framework for the Future*
 - Improving the cost effectiveness of services by addressing issues of fragmentation
 - Spending improvement funds at local authority level to deliver targeted programmes
 - Helping weaker services acquire the basic building blocks for success
 - Developing the skills to lead services effectively
 - Facilitating the introduction of innovative management practices to improve efficiency and effectiveness
 - Stretching library services to work more effectively and raise the standards for all

Collaborative working and trading models within local government

- 40 There are a range of potential models in which a high-performing local authority library service supplies the management of the whole service – or one or more components of the service – to another “commissioning” authority, including:
- ‘syndication’ of one or more of the specific delivery processes, including back office processes such as stock management, and/or front office services such as support for lifelong learning

¹⁹ *Public Libraries: Efficiency and Stock Supply Chain Review*, PKF, 2005; *Better stock, better libraries: transforming library stock procurement*, PricewaterhouseCoopers, 2006.

- a ‘franchising’ arrangement, where a high-performing library service supplies a ‘whole service’ delivery methodology and management support for its implementation, to another local authority:
 - (1) this could be based on a strategic insourcing arrangement; and/or
 - (2) the transfer of successful branded library franchise from one council to another (see **Box 1**, below)
- the direct delivery of a library service by one authority to another, potentially through a service management contract with associated governance arrangements.

41 These models have a number of features in common:

- all should be deliverable, in principle, through the trading powers available to local government in the 1970 Goods and Services Act, and/or subsequent legislation;
- all assume that the ‘commissioning’ authority retains the statutory duty for provision of a ‘comprehensive and efficient service’, with the ‘supplier’ authority’s obligations enforced through appropriate contractual, performance management, payment arrangements and other incentives; and
- the assets of the commissioning authority, including ownership of the physical infrastructure and assets, and the employment of the service delivery staff, were assumed to remain with the commissioning authority.

Box 1: New “Franchise” Library Brands & Offerings

A number of councils have recognised the possible benefits of re-launching libraries with a broader range of services to highlight how they serve the needs of the whole community. These library franchise brands for the future may offer models for adoption elsewhere, although in other areas, the ‘public library’ brand may retain sufficient resonance to engage local communities in the most effective way possible.

Discovery Centres

Hampshire County Councils has developed a new brand and offering to relaunch library services in a modern, welcoming environment with a range of facilities and services. They offer an exciting way to enable more people to use the wide range of recreation and heritage services that Hampshire County Council and its partners (Tourist Information Services, Citizens Advice Bureaux, Youth Services and others) provide via a single location, as well as bringing heritage and museum services to a wider audience.

Existing library services are at the core of Discovery Centres. Book lending and reference books are the primary focus, together with CD, DVD and video loans, PlayStation games and Talking Books. Other services depend on local requirements but may include museum exhibitions, local history resources, a café to encourage longer visits, areas to relax and read, art exhibition space, meeting rooms, IT facilities and events space.

See: www.discoverycentres.co.uk

The Idea Store

In response to local residents, the London Borough of Tower Hamlets created a network of adult education, library and information services, in 7 state-of-the-art buildings, all in local shopping centres. These buildings, funded by a wide range of different sources, are more than just a library or a place of learning. As well as the traditional library service, much valued by residents, they offer a wide range of adult education classes, along with career support, training, a creche, meeting areas, cafes and arts and leisure pursuits.

See: www.ideastore.co.uk

- 42 Discussions held as part of this study evidence and perception data from elsewhere regarding the benefits of trading models in local government suggest a number of potential ‘in principle’ benefits of these models of service delivery. These include opportunities to:
- transfer effective delivery practices from high-performing library services to those that are judged to be weaker performers, in a targeted way to a tailored specification
 - inject an element of contestability and therefore some new pressure to improve performance, into a service that is almost exclusively self-supplied within local government at present
 - improve management capacity across the service as a whole, by enabling closer links and more formal ‘mentoring’ arrangements to be developed between stronger and weaker management teams, and offering possible economies of scale in the provision of scarce expertise across a number of local authorities²⁰
 - benefit ‘provider’ authorities by offering new challenges to excellent service managers and teams, with consequent benefits in terms of retaining and motivating those staff; and
 - build upon a strong ethos within the profession, evident at the roundtable discussion and commented upon elsewhere in the literature, for mutual support and collaborative development of new ways of delivering public library services.

²⁰ This could build upon the peer review and challenge work already being undertaken by MLA and IDeA, and funded by DCMS.

- 43 Importantly, such models may also prove a useful way to challenge existing orthodoxies in relation to ways of delivering public library services; they might represent the ‘acceptable face’ of new methods of service management and delivery. Nonetheless, such models still require a willingness on the part of commissioning authorities to recognise their current weaknesses and capacity constraints, and openness to embracing solutions from other public library services. They will also require sufficient incentives for good and excellent services to flex their entrepreneurial muscles. The roundtable discussion identified three such risks associated with these delivery models:
- a lack of existing evidence about the effectiveness of such models, and a challenge to the appropriateness of comparing ‘trading’ in other local government services with the public library service
 - the extent to which such approaches would result in reductions rather than enhancements to existing managerial capacity within the sector, by diluting such capacity
 - the extent to which the ‘local’ nature of the public library service, and its role as a community hub, made it an unsuitable service for practice or service delivery transfer from authority to authority (or from authority to other body)
- 44 The first of these assertions is on one level self-evident; since such delivery models are new, there is little direct evidence about their benefits, and limited comparators or benchmarks with other services in local government. Nonetheless, there are some examples of similar arrangements in comparative sectors, such as Trading Standards and Leisure Services. There are also emergent examples of franchising arrangements in services with comparable features, such as Kent County Council’s ‘franchising/in sourcing’ arrangement to supply social services support to Swindon Borough Council. The existence of these arrangements should provide a basis for the development of models to inform pilot projects in the public library service, to enable more detailed evaluation of the effectiveness of new delivery models that have remained ‘below the horizon’ in public library services until now.
- 45 The second concern that emerged during this study focused on the impact of such arrangements on capacity and skills within the sector, and has been aired elsewhere in recent PwC research, and other research, on the further development of local authority trading.²¹ A number of roundtable participants took the view that the capacity – particularly that of successful managers within the public library service – is a finite resource, which trading arrangements might do little to overcome. Indeed, by refocusing management resources away from excellent services to improve the quality of poorer services, the result might be a reduction in overall capacity through the ‘dilution’ of managerial attention. Given the high priority attached by excellent services to retaining their ‘excellent’ status, there was some scepticism expressed about the extent to which trading models could be ‘sold’ to high performers, with legitimate questions about what would be ‘in it’ for them.

- 46 Whilst these are legitimate concerns, there are ways in which these risks can be managed. One suggestion is that creative alteration of the incentive structure for good and excellent services – for example by attaching some weight to practice-sharing and participating in trading arrangements within the Comprehensive Performance Assessment (or successor assessment system(s)) – might overcome some of the concerns in this area. There might also be opportunities to use capacity-building funding or Prudential Borrowing in innovative ways, to provide targeted injections of working capital as a ‘start up’ to innovative trading arrangements in the public library service.
- 47 Informal evidence from elsewhere in local government suggests that highly performing managers are motivated by challenge and that many excellent councils and highly performing schools have found it difficult to retain Chief Executives, Services Heads or Head Teachers once their ‘excellence’ is recognised as they are then lured to challenges elsewhere. These models, like school academies are a way of providing that challenge and maintaining a highly performing management team.
- 48 The final concern, and perhaps the most significant, was raised in relation to the essentially ‘local’ character of the public library service. There were two strands to this concern. Firstly, that the political and community autonomy of the service was integral to the strategic objectives and structure of the commissioning authority, and that no ‘third party’ – even a sympathetic local authority – could respond to this as effectively as the commissioning authority. Secondly, that the close links between the library service and other service areas, for example education, would complicate attempts to establish trading relationships with other local authorities because it is hard to draw a clear boundary around the scope of a public library service from authority to authority.
- 49 Whilst these concerns were almost universally shared amongst participants in the study, and particularly library practitioners, there was equal recognition that these concerns may be perceived rather than real, and a genuine willingness to consider these options further. In particular, the notion that the strategic objectives of a service or an authority cannot be well-served through a delivery arrangement with a third party, takes insufficient account of examples across other areas of local government where robust governance arrangements, performance management, payment and incentive structures ensure that third party suppliers remain focused on delivering the objectives of the commissioning authority. This is likely to be particularly the case where the third-party is a highly performing council library service, which will probably have a strong track record in these areas. Whilst the development of Strategic Service Partnerships elsewhere in local government have demonstrated a creative and flexible approach to defining the scope of services in delivery partnership arrangements, from which the public library service could draw useful lessons.

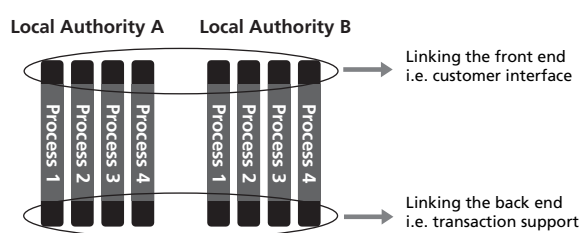
Shared service arrangements across council boundaries

- 50 The potential development of ‘shared services’ or ‘shared activities’ across a wide range of local government services are also considered as part of this study.
- 51 For the purposes of this discussion, shared services models are understood to be based upon a collaborative approach to service delivery in which a number of local authority library functions are concentrated into a discrete, semi-autonomous business that has a management structure, staff and other resources designed to add value to the participating authorities and their stakeholders, be this in terms of cost reduction or efficiency gains, and/or improved service delivery. It will also involve either geographic or virtual co-location, through maximising the use of ICT investment.
- 52 The following broad shared services options, involving different elements of the service and varying degrees of integration, were discussed (see **Figure 1**, below):
- Fully integrating the whole ‘front’ and/or ‘back office’ processes across two or more library authorities (Scenario 1 in **Figure 2**). The work of the Foursite Consortium of four local authorities (Somerset; Bath and North East Somerset; South Gloucestershire and North Somerset) to jointly acquire a Library Management System and to jointly procure the supply of books and other resources offers one example of how such approaches can work in practice;
 - Sharing and integration of ‘end-to-end’ delivery processes by two or more authorities, for example on-line enquiries, sourcing, lending, delivery and return of stock, direct to customers (akin to new models of media rental being developed by companies such as Amazon and Blockbuster) (Scenario 2); and/ or
 - Sharing of end-to-end delivery processes across two or more authorities, and integration of these processes into a discrete organisation, which might then be able operate on a ‘trading’ basis with other local authorities (Scenario 3).

Figure 1: Developing models for shared services delivery

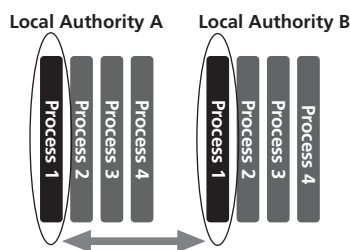
One of the challenges identified to developing shared services delivery, is an absence of delivery models that provide a starting point for thinking about how shared service delivery can be organised, and the benefits and risks of different options. This is another area where ‘top down’ specification can only go so far, given the importance of locally-brokered aspirations for shared services arrangements between local authorities. Nonetheless, it may be helpful to set out in overview some ‘templates’ for types of shared services arrangements, alongside some indications of what these might look like for the library service. Three possible ‘scenarios’ are set out below:

Scenario 1: Integration of front or back office processes across local authorities



[For example...] Integrated ‘front’ and/or ‘back office’ across two (or more) local authorities

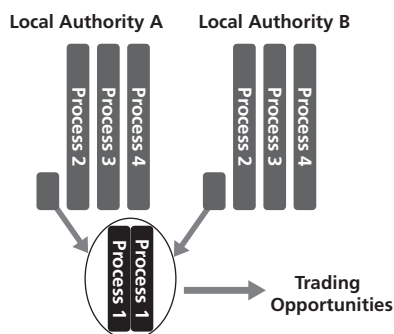
Scenario 2: Integration of end-to-end delivery processes/functions across local authorities



[For example...] Integrated provision of end-to-end stock management and user transaction services across two (or more) local authorities.

Scenario 3: Integration of end-to-end delivery processes and functions across local authorities into entirely discrete organisation

Establishment of arms-length libraries service entity, providing services to ‘parent authorities and trading with other authorities to provide stock management, user transactions, literacy support programmes and other customer services



53 There are a number of potential applications and benefits of these models, but also some risks, which reflect those identified elsewhere in PwC’s research into these issues:

Figure 2: The potential benefits and risks of developing shared services delivery models for the public library service

Potential benefits	Potential challenges
<ul style="list-style-type: none"> the potential for sharing best practice and embedding it across a range of local library authorities, as a way to tackle uneven service delivery quality that is a key concern within the sector; 	<ul style="list-style-type: none"> political and governance considerations;
<ul style="list-style-type: none"> the potential for cost reduction and efficiency gains, flowing from reduced management overheads, commonly procured ICT and other support systems, standardised work processes, the avoidance of duplication of activities, and opportunities for estate/accommodation rationalisation; 	<ul style="list-style-type: none"> perceived performance and reputational risks;
<ul style="list-style-type: none"> an improved capacity to make best use of scarce professional specialisms, for example in relation to community engagement and lifelong learning, by providing them on a draw-down basis across a sub-regional or regional group of participant authorities; and where shared services arrangements involve the commissioning of support from third parties in the private sector and elsewhere, for example in relation to major ICT systems, such arrangements can provide increased buyer power, lower unit costs and increased capacity to influence suppliers within the sector. 	<ul style="list-style-type: none"> the capacity for shared services arrangements to reflect genuinely local differences in users’ requirements from a particular service.

54 The fundamentally political nature of local library authorities was identified as a significant barrier to the establishment of shared services arrangements. The key issues included concerns about perceived loss of democratic control, for example over delivery standards in relation to customer service for which members feel locally accountable, or more general concerns over the ‘local’ identity of a service being eroded through provision of that service by an ‘arms length’ organisation.

- 55 The governance arrangements associated with setting up a discrete shared services arrangement are likely to be complex. In addition, the perceived distance between the participant authorities and the shared services delivery operation puts effective performance management arrangements at a premium, which CPA results continue to suggest are a weakness in many local library authorities.²² These weaknesses may however be beginning to be addressed following the roll-out of the libraries impact measures, discussed earlier in this paper.
- 56 There may also be perceived performance and reputation risks associated with establishing a shared services arrangement. For example, high-performing library authorities may have anxieties about working with poorer performers, which will undermine one of the key potential benefits of standardising and embedding good practice across a broad range of authorities. Perceived reductions in line management control by participant authorities, where public library services are migrated into shared delivery settings, may also create anxieties about how best to maintain quality in the delivery of local services. **Box 2** provides an example of emergent joint working across one group of public libraries services.

Box 2: Exploring Joint working

A project led by Royal Borough of Windsor & Maidenhead on behalf of the South East Regional Centre of Excellence is exploring with 19 library authorities in the South East opportunities for collaboration in three areas:

- A joint library management system (LMS) for cataloguing and recording the issuing and return of stock
- Library stock acquisition through a centralised co-operative unit or other joint process
- Shared storage space for reserve stock no longer required for open shelves

Increasing the involvement of the private sector

- 57 The second broad range of options focused on extending the role of the private and voluntary sectors in delivering all or part of a public library service, through a range of different relationships: partnership alliances and contracting models. To source provision from the private sector, there may be some potential amongst existing organisations with relevant expertise from the service industry. Sources might include:
- high street book retailers and supermarkets
 - publishers and wholesalers
 - professional support & managed service providers
 - specialist information providers

²² Comprehensive performance assessment: scores and analysis for single tier and county councils in England, 2004, Audit Commission, 2004.

58 As well as the source of supply, the elements of the service subject to such arrangements will also need to be considered. As set out above, public library services are heterogeneous and made up of a number of discrete elements, all or part of which might be suitable for inclusion, including:

- the library 'back office', book purchasing, support services and finance
- the core library service, the central branches with associated management and branding
- broader community support functions (including those provided by branch libraries) including links to lifelong learning, community support and wider service information

59 In practice, this might result in a range of possible delivery models, some of which would require different skill sets from those required in delivering current library provision. These include, for example:

- syndication and contracting arrangements with high-street retailers or other specialist providers in relation to acquisitions, collection management or e-delivery²³
- providing a range of business support functions to an individual library service, perhaps linked to providing such support to other council services
- co-location opportunities with supermarkets, high-street retailers and others
- service contracts for the management of whole or part of the core service
- strategic interim management arrangements in the case of under-performing services (see **Box 3**, below)
- intermediary services e.g. on-line services or outreach programmes
- the further development of innovative models of service delivery, such as end-to-end identification, sourcing and supply of stock directly to customers, drawing on methods currently being developed in the retail sector, for example Amazon's on-line loans system for DVDs and other media

60 The possible benefits of increased private sector involvement in the provision of public library services, based upon the benefits that have been seen in other services include:

- the potential for new suppliers to bring in innovative thinking and creativity in service delivery models, given that much of the value-added element of the public library service is analogous to working practices in the retail sector
- the possibility that private suppliers could provide additional working capital to modernise services and infrastructure, as has been seen elsewhere in local government

²³ An example in the United States is Blackwell's Book Services Operations in the US providing support to academic, commercial and public libraries.

- the potential of the private sector to bring in more efficient back-office processes, for example in relation to stock management and procurement

Box 3: Strategic Interim Management Partnership

The London Borough of Haringey Library Service was identified by the Audit Commission in an inspection in 2001 as being a poor, 'no star' service, with no prospects for improvement. At the instigation of the Chief Executive, who decided to assume direct responsibility for the service, a company with experience of interim management of libraries was sought (Instant Library) and a contract to run the Libraries, Archives and Museum Service for 6 months was entered into. Instant Library set about making a number of changes to the running of the Libraries, Archives & Museums Service, including:

- A new management structure
- Increased opening hours
- Refurbishment of buildings
- Improved stock management
- Implementation of the People's Network.

This contract was renewed on two further occasions, and Instant Library subsequently managed the service for over two years. An Audit Commission inspection in October 2003 concluded that the service had improved by an unprecedented degree and was now 'good'.

61 Despite acknowledgement of these potential benefits at the roundtable event, endorsement of these delivery models was much weaker than that of extending the role of existing local authority providers – particularly in relation to the potential for increasing the involvement of the private sector. The key issues that were identified included:

- the attractiveness of the libraries sector to potential private sector suppliers
- the extent to which the private sector would be able, and interested in, supplying services beyond back office 'routine' functions
- the suitability of using the private sector to supply services that are closely linked to the community and strategic 'core' of local government
- the risks to the 'neutrality of public space and cultural space, presented by greater involvement of private sector 'brands' in the provision of services, particularly in the case of co-location or direct delivery by 'blue chip' high street retailers and supermarkets

- 62 The current thinking within the sector is that the private sector is unlikely to want to play an increased role in this sector because the potential margins associated with the management and delivery of a library service are likely to be insufficiently attractive, particularly given the potential liabilities that private sector suppliers might be asked to take on in relation to TUPE obligations in the event of possible staff transfers.
- 63 The assumption seems to be that to cover the profit margin required by private sector partners, a tangible increase in overall funding is required – some participants went as far as to suggest a new cost structure model for the sector. This is a legitimate challenge, and one that will require consideration if any future ‘market-making’ is to take place. Nonetheless, it is an assumption that needs to be tested, rather than being taken for granted, and could be taken into account as part of a soft market sounding exercise or similar engagement with possible interested parties from the private sector.
- 64 Another parameter that needs to be explored and tested further is the scope of the involvement from the private sector. Some views indicated that the community related activities required for front-line contact with the public would not be amenable to private sector involvement, and that targets should be limited to back-office processes around stock management and issue/return systems. However, since 80% of library staff operate in customer facing roles and staff costs are around half of the total expenditure it is difficult to see how restricting private sector management expertise to these more “peripheral” activities could maximise the benefits of this potential new source of supply. It is also a view which contrasts with the picture elsewhere within local government in utilising the private sector in front line services.
- 65 Other barriers to the greater involvement of private sector organisations are based around the ‘philosophy’ of the service. Discussions with practitioners during the study revealed that some do not see the private sector as providers of improved service; rather the sector is viewed simply as an engine for efficiency savings. The ability of the private sector to address community, policy and political objectives was viewed sceptically, and partnership was not viewed as significantly different to contracting. Finally, an increased role for the private sector may also be viewed sceptically by those who consider that one of the most valuable features of local cultural services are the extent to which they provide a ‘neutral’ community space, which might be hampered by a more visible private sector presence, particularly in the case of highly visible ‘brands’ from within the retail sector.

Increasing the role of the voluntary & social enterprise sector

- 66 However, the private sector may not provide the only, or the most suitable, potential source of third party supply. The roundtable also considered the potential further development of ‘mutual trusts’ or similar models, such as that developed, for example, at the London Borough of Hounslow.²⁴ Variants to the ‘Hounslow model’ might also include the trust model as it has been developed more widely in local authority leisure services, and perhaps even Arms Length Management Organisation (ALMO) structures adopted in housing services.

²⁴ See: <http://www.hounslow.info/libraries.htm>

- 67 The framework of a mutual trust is a not-for-profit organisation, usually with charitable status, set up with a number of related stakeholders, which include the local authority representation. The trust aims to re-invest any surpluses back into the objectives of the organisation. The concept was initially developed in Leisure Services where there are over 100 such trusts currently operating. The normal vehicle for Leisure trusts is as an industrial and provident society, but some operate as companies limited by guarantee. For local government activities to be transferred to a mutual trust the local authority must transfer staff to the new body. The local authority retains the physical assets of the service, and operates in partnership with the Trust to maximise the use of these assets. These are interesting options, but, as with Leisure Trusts, it may take some time to define the best structure to support new approaches for libraries. This may mean local authorities taking back services where the structure turns out in practice not to be sustainable.
- 68 Whilst Leisure trusts can operate at a financial advantage to other competing options, taking advantage of preferential treatment on business rates and VAT, their use in Libraries has reduced potential for savings, as income (and therefore VAT) is a much less significant factor in their finances. A more productive approach may be to broaden the responsibilities of a trust such that it encompasses wider services. Leisure, libraries, and museums could each form sub-elements of delivery by mutual trust acting across all these activities.
- 69 Careful consideration will also need to be given to expanding the trust model for the public library service as there have been areas of concern in the context of leisure. For example, ring fencing the preferential tax treatment for the benefit of the service, governance arrangements which truly reflect the community, the financial robustness of the trust and its ability to continue to invest. Also, the use of trust status has created a significant entry barrier to further private sector investment in the UK leisure market, primarily because of a strong perception amongst potential suppliers of the lack of a 'level playing field' in the market, due to the tax advantages enjoyed by Leisure Trusts. However, this is only a problem to the extent that increased contestability is viewed as a desirable feature of local public library services, or as a driver of improved value-for-money. The consensus of stakeholders present at the roundtable is that, in itself, increased contestability is less important than expanding the range of options available to deliver local services.⁶⁵

Increasing community ownership and management

- 70 A potential variant on the trust model would be to look towards increasing the opportunities for local communities to take over the management and/or ownership of branch and village libraries. The Department for Communities and Local Government and the Home Office have pointed to the future potential of such options through *local:vision* as a way of empowering neighbourhoods and local communities and improving service delivery.²⁶ Local libraries, alongside assets such as village halls, community centres, parks and open spaces, were identified as potential examples where such new ownership and management models might be applied in the future. This would though, be need to be seen in the context of the wider contribution that libraries can make to cross-cutting issues across local government and other services, so that these benefits would not be compromised.

25 *Developing the local government services market: market sector working paper on leisure services*, PricewaterhouseCoopers, forthcoming.

26 *Citizen Engagement and Public Services: Why Neighbourhoods Matter*, Office of the Deputy Prime Minister, 2005.

- 71 In some cases this will be motivated by dissatisfaction by local people in relation to under-utilisation of public property or under-performance in delivery of the service. The Department for Communities and Local Government and the Home Office are actively looking at options to promote and address barriers to such models.²⁷
- 72 The business case for such models rests upon the potential to build long term social, economic or environmental benefits for communities through:
- neighbourhood renewal, boosting community led regeneration
 - civic renewal and strengthening social and physical capital
 - encouraging social enterprise
 - improved service delivery through greater community engagement and increased accountability of suppliers
- 73 This may be an attractive potential proposition for local public library service, in a context where improvements to these and other services can be levered in through increased direct community engagement. Such models may also enable improvements across the board in community engagement by the public library service, which is a key strength in many excellent libraries services, but is far from universal across the libraries service as a whole.
- 74 This option embraces a number of different variants all with different degrees of transfer of day-to-day management control and branding. Among the possibilities are:
- Community groups temporarily hosting libraries – using volunteers and/or library staff to reach out to specific communities of interest such as ethnic minority groups and other hard-to-reach groups
 - Community groups establishing new libraries which function as part of the overall service, perhaps in new settings for the service in terms of physical presence in the community, but also alongside other community functions (and not just ‘public services’)
 - Community groups ‘taking over’ the day-to-day management of individual libraries, again functioning as part of the overall service

²⁷ *Communities Taking Control: Final report of the cross-sector working group on community ownership and management of assets*, Office of the Deputy Prime Minister and Home Office, 2006.

- 75 Nonetheless, these kinds of options also present risks. First of all, such models risk further fragmenting the structure of a service where concerns already exist, expressed in *Framework for the Future* and other recent sources, about variations in service delivery standards and quality and the extent to which these variations are driven by local fragmentation. Secondly, such options may go against the grain of increased standardisation of local practice, for example in relation to stock procurement and supply chain management considered in detail in recent studies by PKF and PwC. Though these issues are not surmountable and may be addressed in the execution of such arrangements, for example, if opportunities are identified in local library strategies which ‘unbundle’ parts of the service and identify which aspects require a more tailored approach and which are more suited to a high degree of standardisation (even if delivered in individual neighbourhoods).
- 76 Secondly, whereas some local services have a clearly identifiable user- base (e.g. housing tenants), potentially all residents from across the council area may use its library service, as well as some people who work in the area, in many cases. This can present problems in securing the involvement of a genuinely representative cross-section of library users when trying to develop user-led management options.²⁸
- 77 Finally, the development of highly localised forms of ownership and management present challenges to existing models of local democratic accountability; if local people are responsible for the ownership and governance of a local library, who is held to account in the event of underperformance or service failure? Experience in other local services, most obviously the role of governors in local management of schools, suggests that such challenges are not insurmountable. But this issue in particular will need careful consideration in the further development of such delivery models.
- 78 Despite these risks, models of this nature provide an additional option for consideration in introducing new delivery models for local services, and offer the potential for much greater user involvement and engagement in the delivery of local services. Different degrees of ownership and branding offer the potential of not only arresting the threat of closure of many branch libraries but also opportunities to support other ‘public services’ through co-location and staffing and even providing new outlets for the library services.

Stock procurement and supply chain management

- 79 The findings of an MLA-commissioned study by PricewaterhouseCoopers into stock procurement were published in August 2006. This study built upon some initial, previous work undertaken by PKF, which was reported upon in July 2005.²⁹ The terms of reference for the PKF study were broadly focused on opportunities to increase efficiency within the library service. One of the principle issues analysed in the report, which forms the focus for many of its recommendations, was the stock procurement process. The key recommendation made in the report, alongside the need for further feasibility testing was that:

28 In 2003 Westminster City Council’s libraries service sought to move beyond just involving ‘Friends’ groups by establishing Library Boards for each library, made up of a cross section of local people, carefully recruited and paid an allowance for attending meetings that would decide policies on which books to stock and have powers with regard to opening hours. But the initiative was not pursued after the first few meetings as it became clear that a representative cross-section of the community were not willing to participate on a regular basis.

29 *Public Libraries: Efficiency and Stock Supply Chain Review*, PKF, 2005.

“...efficiency gains and better value for money could be found, largely by library services throughout the country adopting the same processes and by purchasing books together. The greatest efficiency gains could be made if all library services placed the same requirements on suppliers and negotiated through one mechanism with the suppliers of books.”³⁰

80 The MLA then commissioned subsequent work in this area by PricewaterhouseCoopers. This subsequent work led to the publication by MLA of the report *Better Stock, Better Libraries* in August 2006.³¹ The aim of this subsequent work has been to support better library services through better stock procurement. The key recommendations of the report, which are currently hotly-debated within the library sector, include:

- the need for an explicit change in the role of library authorities, from procurers to commissioners of stock, based upon the success of supplier selection and related improvements in some authorities
- the development of a small, central procurement function to oversee the purchasing of stock on the basis of locally-supplied community profile and demand data, which will bring benefits associated with demand aggregation, and support proactive management of a fragile supply market
- a shift from ‘competition for the market’, where suppliers compete for 3-4 year contracts to supply individual authorities or consortia, to ‘competition in the market’, enabling real-time competition for the supply of volumes of stock to the library service as a whole
- the aggregation of common activities such as bibliographic servicing and cataloguing as a shared service delivered to groups of authorities to secure efficiency savings
- improvements to ICT, including the development of shared standards and more widespread use of RFID technology, to support joint working across the service and streamlining of manual processes.

81 In many areas, the recommendations and options developed by this study are mutually compatible with those considered in this report, which are focused on wider aspects of local public library service delivery. For example, joint delivery, trading, and shared services models will all support process standardisation and integration, as well as the advantages of aggregating demand for stock, which has been identified as a key opportunity for improved value-for-money across the public library service.

82 The implications of some of the other models outlined earlier in this paper, such as the potential to develop community ownership and management models, also need to be considered carefully in the light of ongoing work on improving stock procurement. Further devolution and local ownership could bring benefits associated with greater user engagement and social/ physical capital. This may also fit well with a commissioning role for library authorities in stock procurement, where a key issue will be a rounded understanding of local community needs and the ability to capture and convey this information succinctly to inform procurement decision-making.

³⁰ *Public Libraries: Efficiency and Stock Supply Chain Review*, PKF, 2005: Executive Summary p4.

³¹ *Better stock, better libraries: transforming library stock procurement*, PricewaterhouseCoopers, 2006.

Moving forward

- 83 The challenges identified during this study to these new models may or may not be legitimate (many of them have been routinely used to challenge new delivery models in other parts of local government), but until the premises on which they were raised are explored and tested there is little chance of development on new delivery options. The sector needs to move on from the re-visioning activities given by reports such as *Framework for the Future*, and put an equivalent amount of thought and effort into the operational options for delivery to meet the new mission. The trigger for this could be some equally influential initiatives focused directly on exploring new delivery options.
- 84 The opportunity for the public library service to consider new delivery models in tackling the challenges set out above, is well-timed. It is clear that the sector recognises the challenges, but equally clear that there has, up until now, been limited thinking on new delivery options as means to respond to these challenges. If that is the major challenge for the professionals and politicians in local government, it is equally clear that without further encouragement and engagement, neither willing local authorities, nor the private or voluntary sectors are likely to develop the innovative offerings that will provide the capacity injection that new delivery options could provide. What is now needed is a dialogue that expands upon that begun at the roundtable and draws in a wider spectrum of opinion from the policymakers and practitioners in this area, as well as potential new suppliers into the sector.
- 85 Having considered the options for developing a more diverse set of delivery models in the public library service, the implications of the Department for Communities and Local Government's local:vision for the potential future shape of the service need also to be considered. Some of these themes have particular relevance for the potential future direction of travel for the public library service, including those concerned with user focus, partnership working, efficiency and new models of service delivery, and these will be explored in turn.
- 86 At the heart of local:vision lies an aspiration for a broader role for local government, beyond that of a democratically accountable provider of high quality local services, that encompasses a wider set of strategic aspirations, which together have been described as the 'place shaping' role:

*"To take responsibility for the well-being of an area and its communities, reflecting its distinctive identity, and promoting its interests and future prosperity. It involves a focus on developing the economic, social and environmental well-being of the local community and the local area. It therefore requires councils to take responsibility for influencing and affecting things beyond their more narrowly defined service responsibilities."*³²

³² *National Prosperity, local choice and civic engagement: a new partnership between central and local government for the 21st century*, Lyons Inquiry into Local Government, 2006.

- 87 This also potentially marks an important shift from the predominant focus on delivery, to a focus on strategic commissioning. The development of Children's Trusts provides a useful lead where there has been integration of objectives setting, planning and commissioning to achieve a more integrated approach to frontline services for a set of outcomes.³³ Some of the key drivers of this change include the need to challenge historical patterns of service delivery, from a perspective informed by local and national priorities, and good quality data on user needs and preferences. For the public library service this provides opportunities to adopt an alternative perspective focused on the optimum way of commissioning lifelong learning and other community outcomes, rather than traditional 'bricks and mortar' services.
- 88 There has been a strong emphasis in the *local:vision* debate in replacing national and 'top down' approaches to regulation and performance management, with 'bottom-up' mechanisms to improve local services.
- 89 There is already a strong focus within the library service on citizen engagement. A number of authorities have library user forums, for example, which enable users to discuss the performance of their libraries and help to inform local decision-making processes. This dovetails with the emphasis placed on user focus in *local:vision*, and the need to tailor service provision to meet customer needs, rather than provider requirements. However, whilst there are highly innovative library services where the development of new initiatives to improve user choice and involvement takes centre stage, good practice is far from universal at present. The options set out in this paper around franchising and joint working could provide an important catalyst for transferring these kinds of practices from one area to another in a more structured and direct manner than has been the case – for example through the beacon scheme – up and until now.
- 90 The opening up of the service to alternative delivery models offer the potential to develop alternatives to 'top down' control, for example by drawing on the recently developed libraries impact measures to enable more local judgements to be reached about service performance. Service users could be empowered to negotiate locally a set of agreed minimum service standards. Where these minimum standards were not achieved that could trigger a range of redress mechanisms for users of the service, ranging from some short-term immediate actions such as a time-limited free loan offer, to an internal or external service review or an options appraisal of alternative delivery options that might include local ownership of the branch library as one such option.
- 91 This combines the potential for a clear national framework for performance, with localised forms of response in the event of service failure or consistent underperformance. Where 'top down' regulation is still required, there may be future opportunities to further develop the current set of impact measures by drawing on additional data on satisfaction data and qualitative assessments of user experience, for example, by giving greater weight to satisfaction data and involving users to a greater extent in assessments (CPA and service inspections).

33 *Every Child Matters: Joint planning and commissioning framework for children, young people and maternity services*, Every Child Matters, 2006.

- 92 The take-up of new models involving either public-public, public-private or public-voluntary partnerships within the library service has not progressed as quickly as in some other parts of local government. The new performance framework notes that cross-cutting outcomes require providers to come together, and we have identified opportunities for both local authorities and potential partners to take the initiative here. However, there will need to be a more open and challenging dialogue within the sector than has been the case up until now, if these sorts of partnerships are to be developed as genuinely new models to deliver local library services.
- 93 Efficiency is another area where libraries need to take action. In evidence to the recent Select Committee considering Libraries, the Libri Trust made the comment that for any commercial enterprise, the “...*combination of escalating costs and declining use of service would have already resulted in closure*”. Close attention will need to be paid to getting improved value for money from the significant areas of expenditure in the future, and the recent study commissioned by DCMS and the MLA focuses in particular on stock procurement, which is only one area of expenditure. PwC research undertaken in other local government market sectors, for example waste management, and has identified increased contestability as an important contributor to cost reduction in service delivery. Notwithstanding the differences between these services, this wider research suggests that there is undoubtedly scope to explore the development of greater contestability into the public library service in the future – provided either by high-performing local authorities and/ or private or voluntary sector providers – in order to respond to the requirement for improved efficiency within the service.
- 94 Local leadership is a theme that is also picked up within *local:vision*, and in particular the need to attract, retain and develop talented leaders and managers across the full range of local government services. This is an area being actively considered and pursued already by MLA in their response to *Framework for the Future*, for example in the peer review and challenge function that they are developing with the IDEA. To build upon these developments, one of the key benefits of new models of service delivery that engage high performing managers in syndication, franchising, and delivery partnerships with other local authorities, is the motivational impact of providing high performers with a new challenge. The available evidence suggests that this is a benefit from local authority trading that is being felt in other local government services.³⁴
- 95 Finally, there is a key concern in *local:vision* with further improving central-local relations, which was one of the areas identified during discussions held as part of this study, as an issue that needing urgent attention. This is despite the intention of *Framework for the Future* to tie together a shared strategy across central and local requirements. In practice, library professionals feel that they are accountable to too many masters. Inherent to their position inside local authorities is their accountability to local politicians. Within wider Government relationships the libraries also work with at least three government departments – DCMS, the Department for Communities and Local Government, and DfES. The Select Committee acknowledged the complexity of the situation, but concluded that local government was the right tier of governance to manage library services, and DCMS best qualified to hold overall responsibility. It is incumbent on all parties to make these arrangements work, in taking forward a dialogue on the potential for new delivery models for the library service.

³⁴ *Developing the local government services market: cross-cutting working paper on local authority trading*, PricewaterhouseCoopers, forthcoming.

Potential next steps

96 The options for future development of new delivery models for the public library service will need to be considered and further developed by a dialogue between three groups of stakeholders; policymakers, practitioners, and potential new suppliers. The key issues are outlined below.

Policymakers should consider:

- How to move the debate forward from the vision and objectives for the public library service defined by *Framework for the Future* to include a new discussion on increased joint working and alternative models for improved service delivery of these goals, and the need to engage new stakeholders, particularly those who might have a role in offering new sources of supply and capacity to the sector.
- How directive they are willing to be in tackling some of the perceived and real barriers to the development of new delivery options in the public library service. Currently the incentives for change across the sector are limited. If new models are viable, simply producing elegant arguments in their favour may not be enough. Pilot or pathfinder projects testing new models, analogous could provide a robust proof of concept in this sector.
- How best to engage and to retain the support of the public in bringing new innovation into the delivery of the public library service, since the loyalties of existing users are often very strong, and some new directions which invite the participation of the private sector may be seen as threatening.
- The feasibility of regional or even national frameworks to contribute to improved delivery mechanisms. In particular the potential economies of scale that might be yielded by common book issue/receipt systems across multiple local authorities and related back-office functions, and the parallel arguments developed in PwC's recent study of stock procurement.
- The identification at a national level of private and voluntary sector organisations with a strategic link, capacity and willingness to provide an alternative source of supply for the various elements of a public library service, building upon the options set out in this paper.

Practitioners should consider:

- Separating their current roles as both commissioner and deliverer of services, in order to facilitate the development of alternatives to the traditional in-house delivery mechanisms utilised in public library services.
- Investigating options to improve services by working cooperatively with other local authorities. Exploitation of partnership links established with other authorities both strategically and in other service functions may accelerate joint service delivery potential in the library service. Exploitation of economies of scope and economies of scale should both be considered in assessment of joint service delivery.

- Creating incentives to innovative and imaginative thinking when reviewing new options for future service delivery.
- Encouraging new and innovative links with private and voluntary sector organisations, which can contribute to objectives to improve library services.
- Seeking grassroots support of community initiatives seeking to involve new partners in the delivery of library services.
- Developing new and meaningful ways for service users to contribute to the design and delivery of their local library service.

Potential suppliers should consider:

- Opportunities to lead and influence the debate on future delivery of library services as a means to provide an external stimulus to change. The opportunity to address a national strategy means that all library services are considering methods to achieve their objectives, and radical suggestions may get a sympathetic hearing amongst such a wide constituency.
- The potential for partnering with other suppliers in order to develop innovative propositions for the delivery of library services, either to achieve critical mass or to bring on board additional capacity that they themselves don't possess.
- How best to develop propositions for shared or joint services that will be difficult to take to a market composed of 149 autonomous authorities. Working with the Regional Centres of Excellence may increase the visibility and profile of such initiatives.
- For high performing local authorities, the arrangements that they will need to put in place, including the development and promotion of their service offering, if they are to become a "supplier" of service to other library services.

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Durham County Council	Society of Chief Librarians
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