

## **Assessment of Staff and Community Mutual – 4 March 2016**

Panel Members Strategic Director Corporate Resources, Head of Finance, Lambeth Lawyer, Advisor - Mutual Ventures  
Reviewed by :Director of Finance, Director of Corporate Affairs

Staff and Community Mutual: Head of Libraries supported by Bates, Wells and Braithwaite and a community representative

## **Assessment Framework for Staff and Community Mutual Proposal**

### Introduction

- The primary outcome is healthier for longer
- The library service is part of the safe and interesting spaces priority theme within Culture 2020.

### Current policy highlights as agreed October 2015

- Service remains in house until 2017-18, or until a sustainable plan for a mutual/trust is developed.
- Savings start to be delivered by April 2016
- 5 town centre libraries and 5 neighbourhood libraries with increased opening hours
- Capital investment in buildings to ensure the diversification of income
- Plan to replace one off Coop Investment Fund (£700K) by 2018-19 with increased income via healthy living centre and wider leisure contract (contribution to parks (sports GM), BCA and cultural interventions)
- Partnership with Oasis Charity to provide new library facility in Waterloo by May 2016
- Partnership with Upper Norwood Joint library Trust to provide neighbourhood library service
- Partnership Picturehouse to develop a new library facility in West Norwood by 2017-18
- Financial support to maintain the Black Cultural Archives
- Revenue budgets:       2015/16: £3.863m     2016/17: £3.063m\*     2017/10: £3.063m\*
- Capital budget:         2015/16: £0.952m     2016/17: £2.905m     2017/10: £1.2m

\*in addition there is one-off funding from CIF for libraries of £730K currently planned to be used equally over two years: £365K in 2016/17 and £365K in 17/18. This funding is not available from 18/19.

### Assessment score

- 1: Weak and no evidence provided (12-24 months development work)
- 2: Requiring substantial improvement (6-12 months development work)
- 3: Some additional work required (4-6 months)
- 4: Satisfactory requiring minor adjustment (1-4 months)
- 5: No further work required

Assessment	Criteria	Scoring					Observations
		1	2	3	4	5	
<p><b>Proposal and presentation</b></p> <p>The proposal must demonstrate benefits for both the mutual and the council.</p>	<p>A strong and compelling vision in the proposal aligned to the healthier for longer outcome.</p> <ul style="list-style-type: none"> <li>• Cooperative Council.</li> <li>• Proposal meets the Lambeth Library Standard.</li> </ul>			√			<p>The proposal and more so subsequent presentation was strong in terms of commitment, passion and aspiration but did not convince in terms of governance, legal considerations and financial modeling. It was not able to evidence that it could deliver the service to the reduced budget from April 2016.</p> <p>It was accepted by EC of Bates, Wells and Brathwaite that there was not currently a business case that could be assessed against the criteria as the proposal did not include financial modeling or legal advice in any detail. A robust and complete business plan would require external financial and legal support and substantial further detailed work and this would take some significant time.</p> <p>EC advised that the current proposals have not had the benefit of or been tested or challenged by legal/financial advisers.</p> <p>Head of Libraries (HoL) was offered funding of £10,000 from the Council to help her to prepare her detailed feasibility of your proposal to deliver within the financial envelope. Not certain what if any of this funding has been drawn on to date.</p>

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	Shared benefits are explicitly set out (quantified) and aligned to the safe and interesting spaces priority/target outcomes.	√					<p>The shared benefits are not yet evidenced or quantified. Substantial work is required.</p> <p>The proposal is not in line with the current Cabinet decision.</p> <p>HoL has confirmed (3/2/16) that she is only interested in progressing the Staff and Community Mutual if it incorporates ideally 10 libraries but not less than 9 libraries. She does not believe that it would be viable with less than 9 libraries.</p>
	High-level risks have been considered and mitigation identified		√				High level risks have not been considered or mitigation identified. The high-level risks of the proposed service is not understood or it is not possible to plan mitigations until more substantial work is undertaken on the business case at which point the risks could be assessed.

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							Timescales for this criteria would be dependent on the production of a robust business plan. Likely to be 12 months +
	High-level equality impacts have been considered and mitigation identified		√			√	<p>Equalities is well understood in terms of the current service.</p> <p>The equality impact of the proposed service is not understood or mitigated and this is not possible until more substantial work is undertaken on the business case at which point the equality impact could be assessed.</p> <p>Timescales for this criteria would be dependent on the production of a robust business plan. Likely to be 12 months +</p>
<b>Policy</b> Does the proposal work within Culture 2020 framework – if not then the panel needs to identify (if any) the changes in policy the proposal requires.	The policy of 5 town centre libraries and 5 neighbourhood libraries has been met within the resources available.	√					The proposal requires that at least 9 current libraries, 5 Town Centre and 4 neighbourhood libraries, remain under the mutual management. This is not in line with the Cabinet decision that only the 5 Town Centre libraries remained under the management of the library service
	Waterloo has a new library facility in 2016.	√					No. The Staff and Community Mutual proposal assumes that the Waterloo library remains in its current building. Therefore the proposal does not meet this criteria.

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	Black Cultural Archives is part funded by the council and remains an independent body beyond 2018.					√	Yes. The proposal excludes the BCA and meets this requirement.
	Plans have been considered to deliver neighbourhood library services at Upper Norwood Joint Library and a town centre library service at West Norwood Library.			√			Yes the mutual proposes to work with the Upper Norwood Trust. The mutual proposal requested more information re: West Norwood Library as the agreement of the cinema is not currently known. Assumes the cost of Nettlefold will be removed from 16/17.
<b>Service Improvement</b>	Will the mutual approach deliver an improved service in comparison with the existing service provision arrangement?			√			<p>There were a number of good service improvements proposed which should be implemented immediately and are not dependent on the establishment of a Staff and Community Mutual.</p> <p>These proposals which include possibly using the time released (approx.70 hours) from Monday morning closedown across the library service, greater use of volunteers and removing the opening and closing of buildings/key holding from the library service could deliver savings/increased income and</p>

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							free up resources to increase opening hours and/or deliver further savings.
<b>Money:</b>  The Culture 2020 report, which was agreed by Cabinet in 2015 requires a £920k overall, £800k reduction from 2016-17.	Savings start to materialise in April 2016, if not when?	√					No. Assumes a reduction in rates of 80% from July 2016. This is not achievable within the timescales.  Savings from the Library Management System contract re-let are not dependent on the establishment of the mutual. Timescales for the implementation yet to be agreed.  Rental income is in part dependent on repairs and capital investment and additional income is unlikely to materialize by April 2016.  Income targets have been missed previously by the service and therefore we would want the increased income to be evidenced to be confident of achievement.
	One off CIF funding has been calculated into to the base budget. Is there a plan to replace it by 2018-19?	√					No. The plan to replace CIF is described but not detailed or evidenced at this stage. See above.

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	Income streams/projections are based on realistic assumptions and based on evidence.	√					<p>No. Requires substantially more work to evidence and cash flow projected income streams.</p> <p>Assumptions on volunteers, changes to the management of the building, fund raising and donations are aspirational rather than evidenced.</p> <p>There are doubts in the short term that increased income targets will be met based on past performance.</p>
	The level of revenue from the Lambeth Community Fund is sustainable.						Needs further assessment and will be dependent on the legal structure of the mutual.
	Does the proposed approach reduce corporate overheads and provide efficiency savings for the Council?		√				<p>Not evidenced, proposal assumes over time a withdrawal from council services and overheads. Assumes this will deliver cost savings.</p> <p>This requires work by both the mutual and the Council to assess and deliver.</p>
<b>Asset Management</b>	Building management, including repairs and		√				Considered but not detailed or evidenced. Further substantial work required on



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	maintenance have been considered.						negotiating and understanding the lease implications and responsibilities if the mutual was to proceed. This requires the Council to undertake an up to date conditions survey for each site and to identify the funding for the resulting works.
	Capital investment is planned to underpin new sources of income.	√					Yes see above`
	Evidence that buildings are open for longer hours to increase usage and diversify income sources.		√				There is a stated aspiration for longer opening hours to increase usage and to allow greater rental income. This is in part dependent on using the staff hours currently used for training/meetings on Monday morning differently across the week and using volunteers/other staff to be key holders and open/close the building more flexibly to support generating more income.
	Where specific buildings have a specialist service has access been considered including travel times?  N/A						
<b>People</b>	Employment and contractual issues/options have been considered proposal (TUPE or secondment)	√					The legal advice provided at the presentation is that TUPE would apply. Currently no detailed work has commenced and

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							<p>employment and contractual issues have not been identified or addressed.</p> <p>The Council would also need to resource meeting the TUPE obligations if the mutual was to proceed.</p> <p>HoL confirmed her commitment to a staff ballot before she would proceed with the Mutual proposal</p>
	Pension liabilities are understand, considered and budgeted for.	√					<p>No work has been undertaken.</p> <p>The Council would also need to resource assessing the pension liabilities.</p>
	The role of volunteers has been considered, with risks and safeguarding addressed.			√			The Library service currently uses volunteers, however, there is an expectation that their roles would expand, e.g. key holding so more work would need to be undertaken to test and implement assumptions.
	Methods for engaging local residents in the design and shape of services have been considered.			√			Some additional work is required particularly to test how initial support can be translated into ongoing commitment from the community
<b>Business model and governance</b>	Options for business model and governance have been	√					A business plan and option for the legal model and governance has not been

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	<p>considered with all stakeholders.</p> <p>TU engagement? Ballot?</p>				√		<p>developed or considered in detail with stakeholders.</p> <p>The panel was not confident that the responsibilities of setting up a mutual were understood and addressed. An understanding of the different financial responsibilities were not fully understood or addressed.</p> <p>Yes. The proposal is committed to a staff ballot. HoL confirmed that there was indicative TU support.</p>
	The business will be operational from April 2016, if not when?	√					No, the staff and community mutual would not be operational from April 2016. Substantial work is necessary to just develop and agree realistic timescales to develop a business plan. Substantial detailed work is necessary to understand the implications of the Mutual. This has not currently been done.
	Under the new model will VAT or tax be applicable and if so how will this affect the cost of services?	√					<p>Not known. Substantial work is required to understand the tax and VAT implications.</p> <p>The Council would need to test any assumptions in assessing the impact on a future business plan.</p>

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<b>Procurement Issues</b>	Have EU procurement law implications been considered?	√					<p>Substantial work is required to understand the procurement implications of the proposal.</p> <p>The Mutual would like at least a 5 year contract. It is now easier to award contracts to mutual as a result of changes to procurement rules in 2015.</p>
<b>Funding and other practical support required from the Council</b>	Has the level of support from the Council both in the short and long term been considered?	√			√		<p>Considered but not detailed. The short term support could be identified and possibly delivered within 1-4 months.</p> <p>The long term support would be dependent on the business plan, legal structure, TUPE decisions etc. and therefore likely to take 12 months + to substantiate and agree.</p> <p>This proposal would have resource implications on the Council which they would need to fund.</p>
	Will the mutual need a contract from the Council initially? If so for what duration? Has there been any consideration for what happens at the end of the contract?	√			√		<p>Yes they have requested five years with a possible further extension. Need to understand the implications for the Council re: procurement legislation</p> <p>No consideration about what would happen at the end of the contract.</p> <p>The award of contracts to mutual has become easier since changes in 2015.</p>

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	Are there likely to be any on-going liabilities or obligations for the Council?	√					As the business plan is not complete this is not yet possible to assess.
<b>Setting up of the mutual</b>	Will the transition happen via a staged approach or in a single transition?	√					The legal advice from EC was that staff would TUPE on commencement of the contract. A single transition rather than in stages.
	Are the timescales suggested realistic?	√					No, there was some discussion by the panel on what is possible from after a Cabinet decision. The assumption based on past Lambeth experience that this is likely to take at least 1 year if not significantly longer.
<b>Legal Considerations</b>	Are there conflicts of interest arising?				√		EC raised possible conflict of HoL Barnes. The panel believed this could be addressed.
	What are the proposed governance, legal and management arrangements? Are these suitable.	√					No. Further substantial and extensive work is required.

### Conclusion

The panel's conclusion is that the current proposal does not satisfy the assessment criteria and does not deliver within the agreed financial budget for 16/17 or fully meet the agreed policy framework of Culture 2020.