

## HAMPSHIRE COUNTY COUNCIL

### Decision Report

<b>Decision Maker:</b>	Executive Member for Culture and Recreation
<b>Date:</b>	21 July 2010
<b>Title:</b>	Transformation of the Library and Information Service – Restructure Phase 1
<b>Reference:</b>	1793
<b>Report From:</b>	Director of Culture, Communities and Rural Affairs

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#### **Director's Introduction**

Eight years ago the Hampshire County Council Library and Information Service was a Service in chronic decline, defined by the Audit Commission as “unlikely to improve”. The Service found itself coping with the difficult mixture of rising costs, issues/visits falling and an ageing core group of users. An urgent mission of transformation and reinvention commenced which addressed sharply the re-orientation of the Service around, in particular, customers who do not use the Library Service. The requirement was to widen the basic library offer: expanding the free use of the internet and other media; increasing opening hours, including Sunday opening; improve the presentation and accessibility of buildings; expand partnerships with other local services and communities; grow the adult and community learning offer; become a natural hub for information and advice; harness the flexibility and diversity of staff – reinventing the library as a lively, dynamic and welcoming venue for all ages. Events in libraries from dance to cooking demonstrations, campaigns like the Summer Reading challenge, full County Council support for the National Year of Reading and the creation of Hampshire’s unique Discovery Centres at Gosport and Winchester have helped to turn the Service round. When taken together, this journey has widened the age range and profile of library users, together with re-enforcing the importance of libraries in local communities.

The journey of transformation has delivered real change, but it has also been necessary to ensure the Service has a sound financial base on which to continue. This process has required from time to time a rebalancing of increased costs with

the essential requirement for continuous change. Staffing is the largest element of the budget, hence regular scrutiny which results in costs being reduced is essential if the Service is to survive and flourish in the future.

Yinnon Ezra MBE  
Director of Culture, Communities and Rural Affairs

## **1. Executive Summary**

- 1.1. If all posts were filled within the current staffing structure of the Library and Information Service it would be unaffordable and this has been the case for several years. To manage this, the Service's budget has been balanced most years by a series of short term measures such as freezing vacancies and holding back on purchases from the Materials Fund. In order to manage the Service more effectively, within the Library and Information Service's Vision and Strategy, a restructure of the Service is proposed; the first phase of this is outlined in this report.
- 1.2. The aim of the restructuring is to reduce the annual running costs of the Library and Information Service by £2m to eliminate the underlying budget deficit and to position the Service to continue to innovate and try and meet further financial pressures in the medium term. The first phase will save approximately £1.5m. In order to fund the likely redundancy and pensions costs resulting from the first phase of the restructure, the Executive Member is also asked to approve an "Invest to Save" bid to the Executive Member – Policy and Resources of a maximum of £900,000, to be repaid over three years.

## **2. Contextual information**

- 2.1. On 29 June 2009 the County Council's Cabinet approved the Vision and Strategy 2009-2014 for the Library and Information Service.  
<http://www.hants.gov.uk/decisions/decisions-docs/090629-cabine-R0622095013.html>
- 2.2. Since then the Service has concentrated on achieving the objectives set out in the Vision and Strategy, which can be summarised as:-
  - Increasing use of library services
  - Strengthening and developing partnerships
  - Involving local people in shaping the delivery of services
  - Supporting and developing staff
  - Ensuring the long-term financial sustainability of the Service

- 2.3. The Vision and Strategy made it clear that books, resources and the provision of information are still at the core of the public library service in Hampshire.
- 2.4. Over the last eight years the County Council has invested nearly £17m capital in the library buildings (refurbishments and the two Discovery Centres) and, in the last two years, £350,000 into the revenue budget.
- 2.5. The Service's budget for 2010/11 is broken down as follows:-

	<b>£'000</b>	
Staff	11,893	
Premises	2,307	
Transport	512	
Materials Fund	2,263	
Supplies, incl. IT	2,156	
Central Recharges	211	
	<hr/>	
TOTAL	<u>19,342</u>	
Income	1,241	Net Budget £18.101m

(The School Library Service is not included in these figures)

- 2.6. Not surprisingly for a service that is so customer focussed, staff costs account for nearly two thirds of the budget. The other main running costs are premises i.e. the 55 buildings the Service operates from (53 libraries and Discovery Centres plus HQ premises and a book store, both in Winchester).
- 2.7. The Service's budget is under considerable pressure and over the last few years the Materials Fund and vacancy management (freezing posts when they become vacant) have been used to meet the budget pressures and to ensure the budget balances at the end of the financial year. In 2009/10 £530,000 of the Materials Fund was held back to meet budget pressures (although £171,000 was carried forward to 2010/11 to buy books and resources for Waterlooville library and Basingstoke Discovery Centre when they re-open after extensive refurbishments later on in 2010). Previous changes to the Library and Information Service's Senior Management Team in 2009 has resulted in savings of £170,000 for 2010/11 onwards – however, this will be kept under constant review.
- 2.8. Holding back elements of the Materials Fund and vacancy management are short term measures and cannot continue long term. If no action was taken and all staff were in post for all 52 weeks of 2010/11, the budget would be overspent by £1.3m at the year end. These financial pressures, together with the need to address the priorities within the Vision and Strategy, has

necessitated a root and branch review of the Service. The proposals arising from this review require a fundamental restructure of the Service, spread over three phases. The aim is to reduce the annual running costs of the service by £2m. This will eliminate the underlying deficit on the revenue budget, create resources to continue to improve and position the Service to try to meet further financial pressures in the medium term. This report deals with Phase 1 of the restructure.

- 2.9. The intention is that Phase 2 (review of the mobile library service) will start in November and Phase 3 (with a further review of HQ, and other aspects of the Library Service including relocations, co-locations and opportunities for shared services) will start in Spring 2011.

### **3. Other Options**

- 3.1. Other options considered were:-

i) Do Nothing.

The Service could keep on using the Materials Fund and freezing vacancies. This would not provide the best service to the public and is also not sustainable in the long term.

ii) Closing Libraries.

The annual running costs of the smallest libraries are around £25,000 - £30,000 each. Closing one or some of the smallest libraries would result in a diminished service to Hampshire residents and does not achieve the required level of savings.

iii) Reducing Opening Hours

The Service could reduce opening hours, but this would only achieve significant savings if it was done in the biggest libraries, which are also the busiest. It would also result in a diminished service and would not realistically achieve the required level of savings.

iv) Increase Funding from the County Council.

The County Council is investing over £18m in the Service this year. In 2008/09 Hampshire's net expenditure per 1,000 population was ranked 17 out of 33 County Councils. Whilst the County Council's Cabinet has made it clear that it is committed to providing a high quality public library service, it has also made it clear that additional funding is not a realistic option in the current financial climate with over £14m cuts already announced for Hampshire in 2010/11 and more to follow.

#### **4. Restructure Phase 1**

- 4.1. The first phase of the proposed restructure was announced on 13 May with a seven week staff consultation period which ended on 2 July 2010. During this time:-
- 9 staff briefings and 3 Managing Change Workshops were held for all the staff potentially at risk
  - 5 meetings with Union representatives were held
  - An email staff consultation account was set up and over 50 staff sent in comments about the restructure
  - 3 staff training days were held in June and attended by 550 library staff
- 4.2. Many of the comments about the restructure were HR related and a detailed Question and Answer document was sent to all staff on 13 June. Notes were taken of all the questions asked at the staff briefings and these were grouped into themes with the responses and also circulated to all staff on 13 June.
- 4.3. Comments made at the briefings, via the Unions and via the staff consultation email account have resulted in a number of changes to the proposals.
- 4.4. Phase 1 involves:-
- Reducing the number of managers/supervisors
  - Simplifying the hierarchy by deleting a layer
  - Reducing HQ costs by 25%
  - Eliminating anomalies and inconsistencies in staffing arrangements that have grown up for historical reasons, e.g. rebalancing workloads and responsibilities.
- 4.5. The details of the existing and proposed staffing structures in Phase 1 are as set out in Appendix 1. In summary the restructure is as follows:-

Role Title of staff in restructure proposal	Current Staff FTE	Original Restructure Proposals FTE	Increase/ Decrease	Savings Original Structure £	Revised Proposals FTE	Increase/ Decrease	Savings £*
Library Manager/ Discovery Centre Manager	15.3	11	4.3 decrease	304,000	11	4.3 decrease	304,000
Supervisor/ Assistant Supervisor/ Library Officer	78	41.5	36.5 decrease	840,000	41.5	36.5 decrease	840,000
Service Development Officer	16	8	8 decrease	258,000	8	8 decrease	258,000
HQ, Discovery Centres, Specific Projects	38	21.8	16.2 decrease	243,000	28.8	9 decrease	133,000
Total	147	82.3	65 decrease	£1.6m	89.3	58 decrease	£1.5m

*\* Average savings after redundancy and pension costs have been paid off via Invest to Save loan.*

- 4.6. The consultation also raised concerns about the need for more staff training and the 'gap' between Library Assistants (Grade C) and Assistant Library Managers (Grade E).
- 4.7. Once appointed the new Assistant Library Managers will complete a skills self assessment form which would help prioritise the training programme that will be run for them. In addition, a small number of 6 month Developmental Posts will be created for Library Assistants who will be seconded to the posts with an acting up allowance. This will allow them to acquire new skills and assist promotion to higher level posts in the future as vacancies arise.
- 4.8. The proposed date for the full implementation of Phase 1 of the restructure is 1 January 2011, although some posts will be implemented before then. An additional 19 Library Assistant posts will be unfrozen from the current vacancies on hold and a further 2.5 Library Assistant posts will be created to be located in libraries where increased staffing support is urgently required and to provide cover over lunch time. Currently nine libraries in Hampshire are closed at lunch time; from 1 January, none will close at lunch times. These Library Assistant posts will only be available to staff currently at risk in the restructure.

4.9. There are four principles underlying Phase 1 of the restructure:-

- There will be no library closures or reductions in opening hours.
- The Materials Fund will not be used to balance the budget after 2010/11.
- The staffing structure will reflect what is needed to run the Service now and in the future (based on library opening hours, visits and issues) rather than the historical staffing formula.
- The transformation and modernisation of the Service will continue, giving Assistant Library Managers the authority and time to manage service delivery effectively in the static libraries and releasing the potential of Library Assistants to take part in providing the wider range of services to customers.

4.10. Phase 1 aims to save £1.5m per annum by reducing the number of full time equivalent (FTE) jobs by 58. To achieve this reduction, it is estimated that the redundancy costs of £450,000 and non recurring additional pension costs of £350,000 will have to be incurred. These costs will fall in the current financial year. Firm figures will not be known until the actual staff being made redundant have been identified, the figures could be significantly higher. Only part year savings, estimated at £170,000, will be achieved in the current financial year and these will be insufficient to meet the redundancy and pension costs. The Service is therefore seeking to fund the redundancy and pension costs via an “Invest to Save” bid of a maximum of £900,000 which would be paid back in full over the next three financial years from the savings.

4.11. The Service is requesting that a maximum of £900,000 “Invest to Save” funding is made available in 2010/11. This reduces the pressures for 2010/11 significantly, although £500,000 from the Materials Fund will still need to be held back. Along with the savings from frozen vacancies, this will ensure the current year’s budget is balanced. The formal request for Invest to Save funding will be made at one of the Executive Member – Policy and Resources Decision Days later in the year.

4.12. Phase 1 of the restructure will make a major contribution to balancing the Service budget. However, further reductions are needed to set the budget on a firm footing ahead of any further savings requirement in the medium term. It is therefore necessary for the LIS to proceed with Phases 2 and 3 of the restructure as soon as practicable. The current economic climate for public services means this work needs to get underway quickly, recognising that Phases 2 and 3 may need to deliver an even higher level of savings than originally envisaged.

## **5. Summary**

- 5.1. The Library and Information Service's budget is under considerable pressure and, after a fundamental review of the Service, a restructure, spread over 3 phases is proposed. Phase 1 will reduce the staffing of the Service by 58 FTE and make savings of about £1.5m per year. To achieve this, "Invest to Save" funding of a maximum of £900,000 is required to meet one off costs from redundancies and pensions. This will be repaid in full by 2013/14. Further savings will be needed from Phases 2 and 3 of the restructuring to position the Service to try and meet future financial pressures.

## **6. Recommendation(s)**

- 6.1. It is recommended that:-
- i) The proposals for Phase 1 of the Library and Information Service's restructure, as set out in the report, be approved.
  - ii) A bid is made to the Executive Member – Policy and Resources for "Invest to Save" funding of a maximum of £900,000 to meet non recurring redundancy and pension costs arising from Phase 1 of the restructure.

**CORPORATE OR LEGAL INFORMATION:**

**Links to the Corporate Strategy**

<b>Hampshire safer and more secure for all:</b>	no
Corporate Improvement plan link number (if appropriate):	
<b>Maximising well-being:</b>	no
Corporate Improvement plan link number (if appropriate):	
<b>Enhancing our quality of place:</b>	no
Corporate Improvement plan link number (if appropriate):	
<b>OR</b>	
<b>This proposal does not link to the Corporate Strategy but, nevertheless, requires a decision because:</b>	
Hampshire's Library and Information Service is facing significant financial pressures and the report seeks Executive Member approval for Phase 1 restructure proposals.	

**Other Significant Links**

<b>Links to previous Member decisions:</b>		
<u>Title</u> Vision and Strategy for Hampshire Library & Information Service, 2009-2014 <a href="http://www.hants.gov.uk/decisions/decisions-docs/090629-cabine-R0622095013.html">http://www.hants.gov.uk/decisions/decisions-docs/090629-cabine-R0622095013.html</a>	<u>Reference</u> 746	<u>Date</u> 29 June 2009
<b>Direct links to specific legislation or Government Directives</b>		
<u>Title</u>	<u>Date</u>	

**Section 100 D - Local Government Act 1972 - background documents**

The following documents discuss facts or matters on which this report, or an important part of it, is based and have been relied upon to a material extent in the preparation of this report. (NB: the list excludes published works and any documents which disclose exempt or confidential information as defined in the Act.)

<u>Document</u>	<u>Location</u>
None	

## **IMPACT ASSESSMENTS:**

### **1. Equalities Impact Assessment:**

- 1.1. A full Equalities Impact Assessment has been undertaken on Phase I of the restructure which shows that a wide range of measures will be put in place to mitigate the impact on the Library and Information Service's staff and on service delivery.

### **2. Impact on Crime and Disorder:**

- 2.1. N/A

### **3. Climate Change:**

- a) How does what is being proposed impact on our carbon footprint / energy consumption?
- b) How does what is being proposed consider the need to adapt to climate change, and be resilient to its longer term impacts?