

Agenda Item No. 6(a)

DERBYSHIRE COUNTY COUNCIL

CABINET

7 December 2017

Report of the Strategic Director – Commissioning, Communities and Policy

**DERBYSHIRE AND DERBY CITY SCHOOLS LIBRARY SERVICE
(STRATEGIC LEADERSHIP, CULTURE AND TOURISM)**

(1) **Purpose of Report** To seek Cabinet approval to undertake a six week consultation on a proposal to potentially close the Derbyshire and Derby City Schools Library Service.

(2) **Information and Analysis** The Schools Library Service (SLS) is a service provided as part of a long standing joint arrangement by the County Council and Derby City Council. Located at Kedleston Road in Derby, SLS provides support and resources to schools and educational providers in Derbyshire and Derby City on the basis of full cost recovery. The service is partly resourced from subscriptions received from local authority maintained schools budgets funded from the Dedicated Schools Grant (DSG), additional income is generated from the loan of resources and other chargeable services. The SLS is not a statutory service and there is no requirement for local authorities to provide such a service.

The SLS offers a range of loanable educational resources, including books, artefacts, framed paintings, prints and posters, DVDs, CDs, textiles and resource packs. Other services offered include a library advisory service, in-service training (INSET) sessions for teachers and facilitated interactive sessions for pupils.

The use of SLS by schools has been declining over a number of years. In 2009-10, 195 Derbyshire schools and 56 Derby City schools, 251 schools in total, used the service, estimated to be approximately 47% of eligible schools. In 2016-17, 143 out of 425 Derbyshire schools and 42 out of 109 Derby City schools, 185 schools in total, used this service, estimated to be approximately 35% of eligible schools.

The SLS has attempted to address the ongoing decline by raising the profile of the service, developing new services and widening its customer base, e.g. to non-schools customers, with limited success. Declining use by schools has had a major impact on SLS's ability to generate additional income and, over

the past nine years, its income from loans and services has reduced by approximately 43% (see table 1 below). There is a clear and continuing trend for schools across both local authorities to spend less money on SLS.

Table 1: Income from loans and services from 2008-2009 onwards

	County	City	Out of County	Other	Total
2008-09	£32,868	£17,090			£49,958
2009-10	£29,498	£11,120			£40,618
2010-11	£33,205	£11,180			£44,385
2011-12	£26,035	£8,177			£34,212
2012-13	£30,125	£5,363	£440		£35,927
2013-14	£25,289	£7,285	£1,578		£34,151
2014-15	£23,989	£9,419	£1,688		£35,095
2015-16	£21,715	£6,144	£1,688	£1,095	£30,641
2016-17	£19,485	£4,930	£3,245	£513	£28,173

The primary funding for SLS is the DSG subscriptions allocated annually by the Schools Forums in Derbyshire and Derby City. This funding is dependent upon the yearly agreement of the Schools Forum, and is top sliced from local authority maintained schools budgets. In 2016-17, the total top sliced funding received by SLS was £176,000 (£149,000 from Derbyshire County Council, £27,000 from Derby City) but the amount received from this source is also in decline due to the growth of academies. Academies receive their General Annual Grant (GAG) direct from Central Government and the Schools Forum has no power to top slice academies budgets. Not all academies are choosing to buy into the SLS, of 54 academies in Derbyshire only 15 currently use the service and in Derby City the number is 5 out of 15 academies.

The Department for Education proposes to introduce a national funding formula for schools from April 2018. For 2018-19 and 2019-20, the Authority will have some flexibility over the funding formula. Arrangements beyond 2019-20 have yet to be announced but the expectation is that from April 2020 schools would be funded by the National Funding formula with little or no local authority involvement.

It is also likely that from April 2020, or possibly before, i.e. April 2019, the option to top slice schools budgets to fund services such as the SLS will cease. At that point, individual schools will make their own spending decisions and affected services will have to trade for their custom.

As the DSG provides the SLS with the majority of its funding, the implications of these proposed changes are significant for its future financial viability. For the service to operate on a full cost recovery basis, and to address the deficit created by the loss of DSG funding, it is estimated that it would have to charge a minimum price of £33 for the loan of each project and a £1,170 subscription fee, as opposed to the current minimum charges of £5.00 for a project loan and £230 for a basic subscription. These projections are based upon the 2016-17 usage figures and they would need to rise further to take into account any additional decline in the use of the service. With the increasing pressure on school budgets, it is unlikely that they will be willing to pay the amounts that SLS would need to charge to remain financially viable.

In the last financial year 2016-17, the SLS failed to reach its income target by approximately £29,000. This shortfall was met by drawing down from an existing earmarked reserve. Although it is difficult to anticipate the scale of any future deficit, given the context outlined in this report, it is estimated that the current reserves of £47,000 would only be able to support the service for a maximum of one year with no available funding to cover any future deficit.

The situation in Derbyshire is not unusual and, in recent years, a number of SLS have closed e.g. Hertfordshire, Bradford and Dorset. The primary reason behind these closures has been a realisation that the services are not financially viable due to changes to central grants combined with increased pressures on school budgets.

As there are no alternative sources of funding for the SLS, and given the budgetary pressures the service is under, it is proposed to undertake a consultation exercise, with schools and other educational providers, over its potential closure. The consultation will need to be conducted across Derbyshire and Derby City simultaneously. In line with the Council's commitment to transparent decision making and to ensure that all those affected have the opportunity to comment on any proposed change, the consultation will:

- Set out the financial context and challenges within which decisions on the future of SLS need to be made.
- Receive feedback on the proposed closure and its potential impact.

The Council's existing engagement mechanisms will be used to support the process to ensure that input from service users and non-users is secured as far as possible and that all groups are provided with the best opportunities for input. On-line surveys, social media and face to face meetings may also form part of this process.

The feedback received will then be analysed as to the proposed closure. The consultation, and the impact analysis referred to below, will help to identify

affected individuals and stakeholders, to explore issues in more detail, potential impact, scope for refinement, and opportunities for mitigation of impact, etc. If alternative proposals arise as part of the consultation process they will also be considered as part of the analysis.

An Equality Impact Analysis will be undertaken in parallel with the above engagement and the conclusions reported to Cabinet alongside the consultation analysis.

An outline timetable for the above process is set out below:

- 1 January 2018 to 11 February 2018 consultation with schools.
- February 2018 to March 2018 evaluation of results.
- Spring 2018 Cabinet report.

The Spring 2018 Cabinet report will further consider any alternative proposals or changes and, subject to the outcome of consultation, may also include a decommissioning plan for the service. The staffing implications of the potential closure would then be the subject of formal consultations with individual employees and the Trade Unions in accordance with the Council's policies and statutory requirements.

(3) **Financial Considerations** At the start of each financial year, the SLS, as a traded service, starts with an income target but with no budget allocated to the service. It is required to generate sufficient income from providing its services to schools to cover all of its operating costs, e.g. staffing, building related costs, investment in new resources, etc. As a consequence, the potential closure of the service would not generate any financial savings as there is no revenue budget for the service. However, the current reserves of £47,000 are only likely to be sufficient to cover any budget deficits for one year and may also be required to pay for the costs associated with the potential closure and decommissioning of the service. Any future budget shortfall would therefore need to be found from elsewhere within the Public Library Service budget.

There is also a property maintenance backlog liability of £128,700 for the parts of the premises that the SLS occupies. If the service were to close, this liability would be removed.

(4) **Legal Considerations** The Council has a specific duty in relation to the Equality Act 2010 which states the Council should give 'due regard' to the need to eliminate discrimination, harassment and victimisation, and to advance equality of opportunity and fostering good relations, in the exercising of its functions. This need for 'due regard' specifically applies to nine protected characteristics set out in the Act, including age and disability. An Equality Impact Analysis will consider these issues and will form part of the final report to Cabinet.

There is no statutory requirement for the County Council to provide a SLS.

(5) **Human Resources Considerations** Staff will be consulted as stakeholders in relation to the provision of services at SLS and, subject to the outcome of the public consultation, any staffing implications will be the subject of a separate consultation with the staff and the Trade Unions.

(6) **Property Considerations** SLS occupies the premises on Kedleston Road, Derby under the terms of a User Rights Agreement between the City Council and County Council dated 29 September 1997. Under the terms of that agreement, the County Council is required to pay in the region of 50% of the total running costs, repairs and maintenance of the premises which amounted to approximately £60,000 in 2016-17. There is currently also a maintenance backlog liability of £128,700 for the parts of the premises that the SLS occupies.

Other Considerations

In preparing this report the relevance of the following factors has been considered: prevention of crime and disorder, equality and diversity, environmental, health, social value and transport considerations

(6) **Key Decision** No.

(7) **Call-In** Is it required that the Call-in period be waived in respect of the decisions being proposed within this report? No.

(8) **Background Papers** Held on file within the Economy, Transport and Communities Department. Officer contact details – Don Gibbs, extension 36572

(9) **OFFICER'S RECOMMENDATIONS** That Cabinet approves:

- 9.1 A six week consultation from 1 January 2018 to 11 February 2018 on a proposal to potentially close the Derbyshire and Derby City Schools Library Service.
- 9.2 The results of the consultation and an Equality Impact Analysis be presented to a future meeting of Cabinet prior to any decision being made as to the potential closure of the Derbyshire and Derby City Schools Library Service.

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