

## APPENDIX

**Report to:** Cabinet      **Date of Meeting:** 5<sup>th</sup> December 2013

**Subject:** Library Review - Alternative Library Proposals 2<sup>nd</sup> Gateway Assessments

**Report of:** Director of Older People

**Wards Affected:** Ainsdale, Molyneux, Blundellsands and Victoria

**Is this a Key Decision?** No                      **Is it included in the Forward Plan?** No

**Exempt/Confidential**      No

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### **Report Summary**

The report sets out the 2<sup>nd</sup> gateway assessments of the Community Library proposals undertaken by Officers. It identifies the process of assessment together with the advantages and disadvantages associated with each proposal for Cabinet consideration prior to making a decision.

### **Recommendations**

Cabinet is asked to:-

1. Note the scoring assessment undertaken by officers and that based on the approved assessment criteria, the proposals from Aintree Library Action Group and Friends of Carnegie Library fail the second gateway and the proposal from Bridge Inn Community Farm passes the required standard.
2. Note that officers have sought additional information and clarification from groups where the assessment was below the required score and this has not resulted in any change to the assessment
3. Considers the officer assessment and subject to any challenge endorses the outcome.

4. Subject to the above determine that:-

Aintree Library Action Group and Friends of Carnegie Library failed the second gateway and are therefore not approved; and Bridge Inn Community Farm passes the second gateway and is approved to enter into formal contractual discussions.

5. Thank the Community Groups for all of their efforts in putting together the Community Library proposals, and for making themselves available to meet with Officers of the Council.

## APPENDIX

### How does the decision contribute to the Council's Corporate Objectives?

	<u>Corporate Objective</u>	<u>Positive Impact</u>	<u>Neutral Impact</u>	<u>Negative Impact</u>
1	Creating a Learning Community		√	
2	Jobs and Prosperity		√	
3	Environmental Sustainability		√	
4	Health and Well-Being		√	
5	Children and Young People		√	
6	Creating Safe Communities		√	
7	Creating Inclusive Communities		√	
8	Improving the Quality of Council Services and Strengthening Local Democracy		√	

### What will it cost and how will it be financed?

#### (A) Revenue Costs.

There are no direct revenue implications arising from this report

#### (B) Capital Costs.

There are no direct capital implications arising from this report

#### Implications:

The following implications of this proposal have been considered and where there are specific implications, these are set out below:

#### **Legal -**

The proposals submitted by the Community Groups have been assessed using the Assessment Criteria and process agreed by the Cabinet Member (Children, Schools, Families and Leisure). The Cabinet is asked to consider the proposals from the Community Groups based on the assessment information contained within this report. Consideration using any other factors unless consistently applied to all proposals could risk the Council facing a legal challenge. A Legal Challenge in this case could well mean Judicial Review. The whole process of determination of the proposals could be challenged through this route. This would mean that the decision-making process would need to be defensible by ensuring that :-

Only relevant considerations are taken into account;

That the assessment process has been applied consistently to each proposal;

That a reasonable conclusion is reached with respect to each proposal.

**Human Resources –** There are no HR issues to consider within this report

**Equality –** There are no equality issues arising directly from this report

## APPENDIX

### **Impact on Service Delivery:**

The Council on 28<sup>th</sup> February 2013 made the decision as part of its Budget process to close 7 of its libraries. The approved closure programme is continuing as planned and are unaffected by this decision. If the proposals are accepted, some of the services that will cease could be provided by a Community group.

### **Reasons for the Recommendations**

The Council will need to consider the officer assessment of the library proposals from a number of Community groups and determine which could be supported.

#### **What consultations have taken place on the proposals and when?**

Internal consultation within Departments has taken place on assessing the proposals.

The Head of Corporate Finance & ICT (FD2682) and Head of Corporate Legal Services (LD1987) have been consulted and their comments have been incorporated into the report.

#### **Are there any other options available for consideration?**

The Council has already approved the library closure implementation plan and this is ongoing. The only options to be considered is whether the bids submitted meet the approved criteria or not.

### **Implementation Date for the Decision**

Immediately, following the call-in period, following the publication of the minutes

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### **Relevant reports**

Cabinet Member (Children's, Schools, Families and Leisure) - Library Review – Alternative Community Proposals Assessment Criteria - 25<sup>th</sup> June 2013

Cabinet - Library Review – Assessment of Alternative Community Proposal - 18<sup>th</sup> July 2013

### **Copies of the following Background Papers can be accessed on the Council's Website via this link:**

<http://modgov.sefton.gov.uk/moderngov/ecCatDisplay.aspx?sch=doc&cat=13457&path=0>

Community Proposals and addenda submitted by:-

Aintree Library Action Group

Bridge Inn Community Farm

Friends of Carnegie Library

Sefton CVS

## APPENDIX

### 1. Background

- 1.1 The Assessment Criteria were approved by the Cabinet Member (Children, Schools, Families and Leisure) on 2<sup>nd</sup> July 2013 and on the same date Officers were authorised to assess the Community Proposals which had been received to date using these Criteria and to report the outcome to Cabinet on 18<sup>th</sup> July 2013.
- 1.2 At its meeting on 18<sup>th</sup> July 2013, Cabinet resolved that:-
  - (1) the Officers' assessment of the Community proposals at the first gateway be approved, and the proposals submitted by the ABC Group and Birkdale Library Action Group be rejected
  - (2) the Sefton Council for Voluntary Service (CVS) and Aintree Library Action Group proposals pass the first gateway and Officers be authorised to carry out an in depth assessment of those proposals;
  - (3) any future decisions relating to the Sefton CVS and Aintree Library Action Group proposals be delegated to the Cabinet Member - Children, Schools, Families and Leisure;
  - (4) the consideration of any new proposals that may come forward be delegated to the Cabinet Member - Children's, Schools, Families and Leisure, provided that such new proposals come forward at least two months before the proposed date of closure of the library in question;
  - (5) the receipt of a nomination under the Community Right to Bid provisions of the Localism Act 2011 in respect of the Carnegie Library, Crosby be noted; and
  - (6) community groups/organisations be thanked for their efforts in submitting community proposals for the libraries and that the hard work and commitment made by them be recognised.
- 1.3 In addition to the proposals already received from Sefton CVS (Birkdale Library) and Aintree Library Action Group (Aintree Library) two others were received within the appropriate timeframe from Bridge Inn Community Farm (Ainsdale Library), and FOCAL (Carnegie Library, Crosby).
- 1.4 The Cabinet Member (Children, Schools, Families and Leisure) considers the decision on whether or not the Council should support individual Community Library bids to be a significant issue and has therefore waived his delegated authority in order for the matter to be considered by Cabinet.
- 1.5 All of the proposals have been assessed by Officers using the agreed gateway method. This report seeks the views of the Cabinet on the assessed proposals together with the advantages, disadvantages and risks of each proposal and asks Cabinet to approve or decline the Community proposals based on the assessment information provided.

## APPENDIX

### 2 Assessment Criteria

2.1 The approved Assessment Criteria contained four components that were weighted in accordance with the level of importance the Council placed upon them in terms of their sustainability and viability. These were:-

Assessment Component	Weighting
Deliverability	15%
Community Benefits	20%
Financial Viability	50%
Staffing	15%

2.2 Whilst all of the components are important in terms of assessing the proposals received, the Financial Viability element was considered the most important factor. In determining the level of risk associated with each proposal being ultimately sustainable and viable these weightings have been applied.

### 3 Assessment of the Proposals

3.1 The assessments were undertaken by a panel of Council Officers taken from the following service areas; Legal, Finance, Property Management, Neighbourhoods, and Libraries.

3.2 The proposal received from the Consortium led by Sefton CVS in respect of Birkdale library has been withdrawn by the Consortium as they are considering a number of alternatives. There have been no other interested parties come forward in the timescale set by the Council for the receipt of Community Library proposals.

3.3 All of the assessments were based on the information provided by the Community groups. In accordance with the approved procedure, where additional information was sought this was also considered as part of the assessment.

3.4 The following table sets out how each proposal scored against the second gateway assessment criteria:

	Aintree LAG	Bridge Inn	FOCAL
Deliverability	60/100	77/100	55/100
Community Benefits	85/100	86/100	85/100
Financial Viability	137/200	165/200	135/200
Staffing	85/100	90/100	85/100
Total Score	367/500	418/500	* 360/500

(\* The total score for FOCAL stated in the report submitted to the Cabinet was "365" which was incorrect due to a typographical error. The figure of "360" is the correct total.)

3.5 The total mark available is 500 and in order to progress beyond the 2nd gateway a score of 375 points would be required. The assessment process reported in July stated that if a proposal scored between 325 and 374 points

## APPENDIX

further information would be requested from the organisation before it was decided whether the proposal passed/failed to meet the requirements.

- 3.6 Officers sought additional information from Aintree Library Action Group (ALAG) and Friends of Carnegie Library (FOCAL) and had meetings with representatives of both organisations. The main thrust of these meetings was to further explore their financial viability. Both organisations were very helpful in presenting further information / clarification.
- 3.7 It is the view of Officers that despite the additional information presented by ALAG and FOCAL the original assessment score should remain unchanged, as the potential risks identified in the original assessment remain valid and there remains concern about the long term sustainability and viability of both proposals . In discussions with the Community Groups, Officers have consistently indicated that long term will be considered to be at least 5 years.
- 3.8 Only one proposal, that from Bridge Inn Community Farm has passed the approved assessment process undertaken by Officers. The other two proposals from ALAG and FOCAL have fallen short of the designated pass mark.

### **4 Assessment Challenge process**

- 4.1 Following the Officers assessment of all of the Community Library proposals a challenge was undertaken by the Chief Executive to validate the process and scoring for each of the proposals. The scoring remained unchanged following this stage of the process.

### **5 Individual Proposals Advantages and Disadvantages**

- 5.1 The following paragraphs provide a detailed synopsis of the individual proposals together with Officers assessment.
- 5.2 All of the Community groups have put a tremendous amount of effort and commitment into submitting these proposals, and have made themselves readily available to meet with Officers to clarify a number of issues, and it is felt that they should be formally thanked for their time and effort.

#### **a) Bridge Inn Community Farm (BICF)**

##### Basis of the proposal

1. BICF have scored consistently over 75% in all factors, and in financial viability score 82.5%. They have passed the 2<sup>nd</sup> assessment process.
2. They are an established company (2010) with an on-going track record and independent financial resources.
3. They require no revenue support from the Council to operate from Ainsdale Library.

## APPENDIX

4. They have requested a lease of the building for an initial 10 year term, on a full repair, and insuring basis, with no liability left with the Council.
5. They have consulted with other community groups in the area and have received written confirmation of support and stated a willingness to support their project with volunteers from these other organisations.
6. They have made an application to the Council for funds from the Community Support Fund in the sum of £20,000 to undertake some minor alterations to the building, although they are prepared to continue with their proposal should this funding not be available and it is the officers view that the scheme is viable without this funding.
7. They intend to operate a Creative Activities centre for people with Physical and Learning difficulties, retaining 25% of the space for a Community Library.

### Advantages of the Proposal

1. An established company which is a sustainable business with a proven track record
2. Company has their own funding and no revenue contribution required from the Council
3. Community support
4. Meets library review mitigation
5. Helps build Community resilience
6. Provides opportunities for the client group of vulnerable people to develop their skills and engage with the community.

### Disadvantages

1. Although BICF have scored high in terms of financial viability, there remains a marginal risk that the project will not deliver the income required to make it viable. The business is funded from individuals with Direct Payments purchasing the activities on offer. If this reduces it will affect the deliverability of the project. However, the BICF proposal has indicated that the demand for its services has been increasing year on year.

### Matters for Consideration

1. Whilst Bridge Inn Community Farm has passed the gateway assessment there are still some marginal risks to the Council in approving the proposal. It is Officers' view that these risks are acceptable and this proposal is recommended.

## APPENDIX

### b) Aintree Library Action Group (ALAG)

#### Basis of the proposal

1. ALAG have scored over 75% in two of the factors, and 60% and 68.5% in the other two. The overriding concern is the score on financial viability of 68.5% (137 points out of 200)
2. This is a newly established community group, with no track record of delivering services. But there are individuals on the group who do have a successful business background.
3. ALAG are reliant upon Aintree Parish Council for a substantial part of their revenue support in the sum of £20,000 per annum. In its original submission and again at the clarification stage the Parish Council confirmed that this contribution was subject to annual review.
4. ALAG hold £23,550 credit in the bank to fund the start up of their proposed Community Library, which they estimate will cost £27,000 per annum to operate.
5. ALAG have notes of promise from 3 local organisations, linked to a leading member of the group, of financial support in the sum total of £3,500 which is subject to annual review.
6. Subject to a formal budget process, there is a proposal for a grant of £20,000 from Aintree Parish Council in 2014/15, which together with their other financial support would provide them with approx £47,000 of revenue funding which, based on their estimates, would be sufficient for them to operate the library for at least the next 21 months.
7. They have indicated that they require no on-going revenue support from the Council to operate the library.
8. They have requested a lease of at least 25 years and wish to explore with the Council a Freehold Asset transfer. There has been some dialogue around the desirability of committing to a full repair and insurance lease, which would now appear to be resolved.
9. They have a group of 60 volunteers ready to support the project with 180 hours of voluntary time.
10. They had made an application to the Council for funds from the Community Support Fund in the sum of £ 176,000 to undertake some works to the building, but this has been revised down to £53,778. The bid is reliant on the Council approving this allocation.
11. They intend to operate the building as a library, and are looking to develop spaces within the building for further community use.



## APPENDIX

12. The group have expressed a desire to secure the freehold asset transfer of the site. Officers have indicated to the group that it is unlikely that they would recommend this course of action but, the group may wish to pursue this interest outside of the current process.
13. ALAG have raised concerns over the general condition of the building with particular reference to the ageing oil fired boiler, which if it failed would be expensive to replace. The boiler has been serviced annually and whilst it is in good operating condition, due to its age the Council cannot guarantee it will not require replacement anytime soon. Should the boiler fail there would be significant financial outlay for which no direct provision has been made by the Group. There are also a small number of outstanding repairs to the structure of the building that the Council would have to undertake as a result of some problems with the cavity wall ties.

### Advantages of the Proposal

1. No ongoing revenue support required from the Council
2. Has Community support
3. Meets the Library mitigation, as identified in the Library Review report of 14<sup>th</sup> February 2013; Opportunity to establish a Community library
4. Helps build Community resilience by enhancing the social value of the library to the community, raising participation, reducing social isolation, increasing social engagement, physical activity, and intergenerational contact.
5. They could have funds available to operate for at least 21 months, if Aintree Parish Council provide funding for 2014/15.
6. They have a volunteer base already established

### Disadvantages

1. This is a new group without a track record or formal structure, and it may prove difficult for them to operate a front line public facing service with their limited experience. There is a medium to high risk that the group may be unable to fulfil the operational requirements around repair and maintenance and health and safety.
2. There is a significant concern from Officers that this proposal is not sustainable in the long term given its reliance upon an annual revenue grant from one principal funder, Aintree Parish Council. This grant is subject to annual review and there are many factors that may affect Aintree Parish Council from continuing with this commitment on an on-going basis. For example, the fact that Local Government faces a number of challenges in the years ahead, there must be a high risk placed against the ability of the Parish Council to commit to this support as an on-going commitment.

## APPENDIX

The Parish Council are also obliged to consider the legislative requirements of Section 137 of the Local Government Act 1972 which enables local councils to spend a limited amount of money for purposes for which they have no other specific statutory expenditure. This section allows Aintree Parish Council to:

- a) spend a limited amount, currently £6.98 per local elector i.e. up to £37,000 a year, on activities for which it has no specific power. Before agreeing to the expenditure the Council must first be satisfied that there is a direct benefit to the area or part of the area, or to some or all of the inhabitants.
  - b) The council must ensure that the direct benefit accruing to its area or residents is commensurate with the expenditure incurred. This means that the council should not spend a disproportionately large amount on something which has no or very little direct benefit.
  - c) Under Section 137(a) a council which provides financial assistance equal to or exceeding the “relevant minimum” to a body providing a public service, or a charity it must require the body or charity to furnish a written statement of how the money has been spent, within 12 months after the assistance has been given. The “relevant minimum” is £2,000 but a council should normally require some account from the recipient body of how the contribution is to be (and in the case of successive contributions has been) spent, whatever the amount. In many cases the Grant is given in a form that will have to be treated as “Restricted Funds” by the receiving charity.
  - d) As Councillors are collectively expressing an opinion as to the commensurate local benefit, the expenditure under section 137 must be properly authorised by resolution.
3. The 3 offers of financial support from local organisations are also subject to annual review, and if these were withdrawn it would place pressure on the group to generate increased revenue to sustain the operation. This must therefore also be considered high risk.
  4. The group could by March 2014 have sufficient revenue funding guaranteed to operate for at least 21 months, and have requested that the Council invest £53,000 of its capital resources into the building to make it suitable for their operation. Given the potential high risk that the main funder could not sustain the commitment there is a risk that the Council could invest over £50,000 into an asset that may face closure within 2 or 3 years, and it may not be in the Council’s best interests to use its limited resources in this way.

## APPENDIX

### Matters for Consideration

1. The Council are committed to building community resilience, but with no track record there are risks for the Council in agreeing to ALAG proposal.
2. The financial risks identified place a medium to high risk against the proposal and its long term sustainability, especially with only a one year guarantee of funding from Aintree Parish Council, the main revenue funder.
3. The concerns raised about the condition of the building and the outstanding structural repairs required raise concerns about the on-going suitability of the building in the short term. The bid is dependent upon a successful bid to the Community Support Fund of £53,788 to undertake essential repairs.

### **c) Friends of Carnegie Library (FOCAL)**

#### Basis of the proposal

1. FOCAL have scored over 75% in two of the factors, and 55% and 67.5% in the other two. The overriding concern is the score on financial viability of 67.5% (135 points out of 200)
- 2 This is a newly established community group, with no track record of delivering services. Although there are individuals on the group who do have a business background and successful track record.
- 3 They have very limited funds in the bank, and their income estimates appear to be very speculative. A large proportion of their income is to be derived from Commercial lettings, plus personal donations and interest free loans.
- 4 They have indicated that they require no on-going revenue support from the Council to operate the library.
- 5 They have requested a lease of at least 25 years and wish to explore with the Council a Freehold Asset transfer. There has been some dialogue around the issues of a full repair and insurance lease, which still need to be resolved.
- 6 They have a group of 50 volunteers ready to support the library opening 4 half days per week.
- 7 They have made an application to the Council for funds from the Community Support Fund in the sum of £ 30,000 to undertake some works to the building.
- 8 They intend to operate the building as a library, and are looking to develop spaces within the building for further community and commercial use.

## APPENDIX

- 9 Carnegie Library is a grade 2 listed building which is listed both internally and externally, a fact that presents a number of challenges in terms of repairs and maintenance and its adaptability for other uses.
10. FOCAL had submitted a nomination under the Community Right to Bid provisions of the Localism Act 2011 in respect of Carnegie Library. A report was considered by the Cabinet Member Corporate Services and Performance on the 22<sup>nd</sup> October 2013 and resolved
  - (1) That the Cabinet Member-Corporate Services and Performance agrees that the Carnegie Library, Crosby be listed as an Asset of Community Value; and
  - (2) that the Cabinet Member - Children, Schools, Families and Leisure be requested to note the contents of the report.
11. The group have expressed a desire to secure the freehold asset transfer of the site. Officers have indicated to the group that it is unlikely that they would recommend this course of action but, the group may wish to pursue this interest outside of the current process.

### Advantages of the Proposal

1. No revenue support required from the Council
2. Has Community support
3. Meets the Library mitigation, as identified in the Library Review report of 14<sup>th</sup> February 2013; Opportunity to establish a Community library
4. Helps build Community resilience by enhancing the social value of the library to the community, raising participation, reducing social isolation, increasing social engagement, physical activity, and intergenerational contact.
5. They have a small volunteer base already established

### Disadvantages

1. This is a new group without a track record, and it may prove difficult for them to operate a front line public facing service with their limited experience. There is a medium to high risk that the group may be unable to fulfil the operational requirements around repair and maintenance and health and safety.
2. There is a concern that this proposal is not sustainable in the long term, the financial projections are very speculative and are heavily reliant upon commercial lettings income, personal donations and interest free loans. If these do not materialise there is a large gap in the funding required to operate the building. There is a high risk to the Council in supporting this proposal purely in financial terms.

## APPENDIX

3. The Carnegie Library building is grade II listed both internally and externally, and presents a number of challenges to keep the building in a suitable working condition. Sections of the lead roof have been stolen over the years, the last being the weekend of 26<sup>th</sup> October 2013, which would present a considerable cost especially when the Community group would be responsible for the full repair and maintenance of the building. The risks of such types of theft reoccurring are high and the associated costs could cause financial difficulties to the group.
4. The group have very limited revenue funding, but have requested that the Council invest £30,000 of its capital resources into the building to make it suitable for their operation. Given the potential risk that the group may not be able to generate sufficient funding to operate the building there is a risk that the Council could invest £30,000 into an asset that may face closure within 2 or 3 years or possibly earlier, and it may not be in the Council's best interests to use its limited resources in this way.

### Matters for Consideration

- 1 The Council are committed to building community resilience, but with no track record there are risks for the Council in agreeing to FOCAL proposal.
- 2 The financial risks identified place a medium to high risk against the proposal and its long term sustainability, especially as there is no guaranteed income in the budget proposal and that the building has a listed status.
- 3 Should Cabinet decide not support the proposal from FOCAL, the fact that Carnegie library building has been listed as an Asset of Community Value presents the community with an opportunity to develop a further community based scheme not necessarily based on full library provision, that is feasible and sustainable for consideration by the Council at a later date.

## **6 Community Right to Challenge**

- 6.1 The Community Right to Challenge forms part of the Localism Act 2011 and gives "relevant bodies" the right to challenge the Council to run a specific service. A relevant body may submit an expression of interest to run an existing Council service during the period from 1<sup>st</sup> March to 31<sup>st</sup> March in each year. An expression of interest may be for all or part of a service covering all or part of the Borough. If an expression of interest is accepted by the Council, a procurement exercise will commence and existing procurement rules will apply, allowing other interested parties to tender". This may be an option that the Community groups consider.

## **7 Next Steps**

- 7.1 If the Council incurs a period where the buildings are unoccupied this will require the properties to be secured, utilities to be terminated and for the

## APPENDIX

contents to be removed. The average cost per library is £6,800 one-off. There will also be on-going security costs and business rates which will average £7,600 per annum.

- 7.2 In the Cabinet report of 14<sup>th</sup> February 2013 Members were informed that options for disposal of the buildings would need to be agreed by the Cabinet. Any financial implications of site disposals have not been included within the financial assessment of these options.