

Suffolk's Libraries IPS

The Industrial & Provident Society Limited enabling county-wide library services supported by Suffolk County Council

OPEN BOARD MEETING MINUTES

Title of Meeting	Suffolk Libraries IPS - Board Meeting
Date	28 th January 2016
Place	Bury Library
Time	11.15am – 12.45pm
Attendees	Tony Brown (Chair), Sylvia Knights (Vice Chair), Anne Mallalieu, Alison Wheeler (Chief Executive), Sue Buck, Jonathan Ogden (Honorary Secretary), Colin Rockall, Peter Callaghan, Stephen Taylor (SCC), Richard Hunt (SCC), Cllr Sarah Stamp (SCC), Charlotte Clark, Marion Harvey
Invited	Nikki Sturmeay (Governance Manager), Krystal Vittles (Libraries Innovation and Development manager), Peter Baker (Head of IT), Mandy Wilkinson (Head of Finance), Paul Howarth (Stock Manager), Daniel Harvey (Community Team Lead), Paula Phelan (Head of HR), James Powell (Marketing and Communications Manager) Item 11 only - Mike Ellwood (Compliance Manager)

		Action
1.	<p><u>Welcome and Apologies</u></p> <p>Apologies were received from Marion Harvey and James Powell.</p>	
2.	<p><u>Declarations of Interest</u></p> <p>Anne Mallalieu declared an interest in the Glemsford Proposal for Closure decision in Item 4.</p>	
3.	<p><u>Minutes of previous meeting of 26th November 2015</u></p> <p>The minutes were agreed as a true and accurate account of discussions.</p> <p><u>Matters Arising</u></p> <p>The new Head of IT, Peter Baker, was welcomed to his first Board meeting.</p>	
4.	<p><u>Decisions</u></p> <p>1. <u>Finance and Audit Committee Terms of Reference</u> The Terms of Reference for the Finance and Audit Committee had been reviewed and updated to amend the title of Business and Performance Manager to Governance Manager. The Chair of the Finance and Audit</p>	

	<p>Committee asked the Board to agree to the changes and agree to this paper. The Board were in agreement with this proposal.</p> <p>2. <u>Governance Committee Terms of Reference</u> The Terms of Reference for the Governance Committee had been reviewed and updated to remove the Board co-options, which now sit with the Staffing Committee. The Chair of the Governance Committee asked the Board to agree to the changes. The Board were in agreement with this proposal.</p> <p>3. <u>Driving at Work Policy</u> The Chair of the Staffing Committee asked the Board to review and adopt the Driving for Work Policy which had recently been discussed at the Staffing Committee. This policy ensures that Suffolk Libraries recognises its duty under the Health and Safety legislation to ensure the wellbeing of all its employees and members of the public as far as reasonably possible. This includes work related driving activities. The policy applies to all employees who drive in connection with their employment, whether it is a mobile library, a pool car, a vehicle hired by Suffolk Libraries or their own vehicle. The Board were in agreement with this policy.</p> <p>4. <u>Salary Sacrifice Scheme</u> The Chair of the Staffing Committee asked the Board to review and approve the Pension Salary Sacrifice scheme. This is an employee benefit to those on an IPS pension scheme and is an arrangement which enables the employee and employer to save money into a pension and reduce payroll deductions. The employee agrees to a reduction in their salary under a contract of employment and in return the employer pays the contribution into the pension as an employer contribution. The Board were in agreement with this proposal.</p> <p>5. <u>Proposed Glemsford Library closure for redecoration</u> The Chair of the Governance Committee asked the Board to review and agree to the proposal to close Glemsford Library for a short period of time for redecoration. It is recommended that the library be permitted to close from 11th April 2016 to 20th April 2016 (inclusive) to enable the work to take place. The Board were in agreement with this proposal.</p>	
<p>5.</p>	<p><u>Update from Committees</u></p> <ul style="list-style-type: none"> • <u>Finance and Audit</u> The Chair of the Finance and Audit Committee updated the Board on discussions at the committee meeting in December: <ul style="list-style-type: none"> ○ Monthly accounts ○ Discussion regarding the contract sum • <u>Governance and Membership</u> 	

The Chair of the Governance Committee updated the Board on discussions at the committee meeting in December:

- Terms of Reference agreement.
- Section 106 in Lowestoft – using this funding to reduce Anti-Social Behaviour incidents by redesigning the front area of the library. Newmarket – a complete redevelopment of the library by using some additional library funds.

The Chief Executive updated the Board on the Lowestoft Staff meeting which she attended this week. The Library did not open in the evenings in December due to the anti-social behaviour issues but normal hours have now been resumed. There has been a detailed discussion with Suffolk Police regarding this issue. The staff remain very anxious.

- Discussion regarding the community group agenda for the meeting in February 2016.

The Chief Executive updated the Board that the agenda is still being finalised but the focus of this meeting will be around joint working within community groups, the forming of local 'clusters' of groups and how community groups can support literacy and reading within their local areas.

- **Staffing**

The Chair of the Staffing Committee updated the Board on discussions at the committee meeting in January:

- Sickness – it is very pleasing to see a gradual decrease in staff sickness.
- Change to the management structure – This discussion reflected the evolution of the management structure over the past year. This is a confirmation of the redistribution of responsibilities following the departure of the Business and Performance Manager last year, the changing of titles and to approve a further iteration of the management structure.

The change of title for the General Manager to Chief Executive better reflects this post both now and in the future. This decision was also taken by Devon who have a similar structure.

The number of direct reports to the Chief Executive is under review.

The Board were in agreement with these changes.

- **Business Development and Marketing**

The Chair of the Business Development and Marketing Committee updated the Board on discussions at the committee meeting in January:

- Collecting evidence on the social, economic and political value of libraries to strengthen the value Suffolk Libraries brings to communities.
- Organise a workshop for a retail working group which will allow the expertise and experience of those who work in Suffolk libraries to discuss displays, merchandising, working patterns, rotas etc.
- Maximise cross-promotion of events in Community Groups

	<p>The Business Development Priorities were due to be discussed in Item 9 but the Chair decided to continue his update under this agenda item and reiterated his belief that Suffolk Libraries can fill gaps in a number of areas such as:</p> <ul style="list-style-type: none"> • Health and Social Care • Education and Learning • Economic Development <p>These are all very broad targets and specifics within each of these areas can be focused upon.</p> <p>Recently Suffolk Libraries formed an Advisory Group and invited representatives from the Suffolk Chamber of Commerce, LEP, Media, UCS and other area. This was an interesting and positive meeting at which the following was discussed:</p> <ul style="list-style-type: none"> • Cultural offer • Literacy and Life Skills for adults and children • Opportunity for a digital conference and networking • Using libraries as a space for start a business (a start-up location) • Income generation which will be hugely important in the coming years. • Leisure Learning – there is a gap in this market and Suffolk Libraries could provide space and the organisation of courses. <p>A huge number of successful events have already taken place in Suffolk Libraries and this can be built upon.</p>	
<p>6.</p>	<p><u>Management Reports</u></p> <p><u>Monthly Finance Report</u></p> <p>The Head of Finance updated the Board on the monthly accounts to December 2015. At the time of preparing the accounts it was projected as a year end forecast of a small deficit of £12k for 2015/16.</p> <p>Employee total costs are Month 2K and YTD (19K) There has been a rebate of pension costs from SCC due to an error in deductions and relief hours are under budget.</p> <p>Direct Library Service Costs are Month (3K) and YTD (7K) There was a large purchase of stamps during December for resale through Libraries and this contributed to £200.00 to income for the post office at Stradbroke library. The photocopier lease has been agreed up until the end of August 2017 which will bring a reduction to the current monthly cost. The contract with Vertas who provide the utility management has been agreed at a reduced cost of £5K for next year but will involve the direct input and payment of all utility bills by Suffolk Libraries.</p> <p>Support Services costs are Month 8K and YTD 35K Although the story is one of underspend in total there are a few areas which are over budget.</p>	

Library Income costs are Month (4K) and YTD (1K)

The income streams have been volatile between different areas this year with fees and charges going down but other streams increasing.

Profit Centres

Lowestoft Café, which was closed in December, is expected to make a loss of £23k this year. Redundancy notices have been given to staff although it was hoped to redeploy some staff but Vertas was not able to do this.

The Libraries Books and Reading Team are expected to make a loss of £25k this year. The reduction of overheads within this area is being addressed with a view to merging the two offices.

Updates

The courier service was put out to tender during the last few months and the process was won by Vertas for both cost and ability to provide the required service. Negotiations are taking place for a three-year contract and it is expected that there will be an increase in costs but this will be minimal compared with changing contractors.

The cost of cleaning libraries for next year has been requested from Vertas. It is expected that these costs will rise due to the wage increases within Vertas. It will be decided whether to decrease the amount of cleaning hours if this cost rises too much.

In summary the Chief Executive stated that the core library service is running to budget but Lowestoft Café and the Libraries Books and Reading Team will be a loss. She asked the Board to consider that the viability of the Library Service is seriously threatened by these losses and awareness and understanding of this fact is important.

Richard Hunt stated that Vertas are trying to raise their profile and there may be an opportunity to gain sponsorship from them as they are actively looking to become a regional provider. The positive results from the recent courier service survey with library managers would be interesting viewing for them. The Chief Executive confirmed that Suffolk Libraries also has strong relationships with other library services.

The Chair concluded this discussion by stating that Suffolk Libraries will also be looking at a deficit next year which is likely to be larger than this year.

General Managers Report

The Chief Executive presented the monthly management report to the Board. The report gave updates on the following areas:

- Introduction and external profile – with a focus on the mental health and well-being service
- Performance – the final results of the customer survey
- IT Update
- Stock and Content
- Staffing Update

	<ul style="list-style-type: none"> • Development and Innovation • Literacy and Well-being • Community Libraries • Marketing and Communications • Safety and Equalities <p>There are some concerns for the Centre at the moment and the Senior Management Team are working on priorities at present and looking at what's happening over the next few months to address this.</p> <p>The Chief Executive concentrated on the Literacy report and gave the following updates:</p> <ul style="list-style-type: none"> • The 'Beyond the Book' project is now fully up and running and the activity booklet and new library cards have been printed. 500 primary school pupils have seen the assembly and received the resources. Feedback has been very positive. • Chatterbooks – a pilot has been started to deliver Chatterbooks to reading groups in libraries for pupils aged between 8-14 years. • Let's Talk Reading – Jane Cox has been appointed as a part time Project Manager for the South East Ipswich Literacy Partnership Project. This project was initiated with the aim to eradicate the literacy deficit by 2025 and Suffolk libraries will host Jane's post for a preliminary period of 5 months. <p>Suffolk Libraries Year of Reading 2016</p> <p>Colin Rockall is the Board member who is sponsoring this piece of work and he gave the Board and update as follows:</p> <p>The Year of Reading will showcase the best of what Suffolk has to offer to promote literacy and celebrate reading across the county. It will largely focus on raising awareness of a calendar of events and activities already taking place. BBC Suffolk and EADT/Suffolk Magazine have pledged their support as have the Raising the Bar team from SCC.</p> <p>The plan is to organise an initial launch and photo opportunity in mid-February and there will be a Literacy Conference taking place in May 2016.</p> <p>The core purpose of the project is to encourage everyone to read and take part in reading related activities either as a pleasurable activity or to improve their own literacy.</p> <p>There will be updates throughout the course of the year and Board members were encouraged to ensure their friends groups are aware and involved.</p>	
7.	<p><u>Contract Sum Negotiation</u></p> <p>The Chair started this discussion by referring to the Cabinet meeting on 26th January 2015 and the Cabinets decision not to accept the recommendations of the Scrutiny Committee to take the £700k reduction in funding earmarked for Suffolk Libraries out of the County Council reserves. The Chair questioned the purpose and the integrity of the scrutiny process and why the recommendation was not</p>	

considered feasible by Cabinet.

The Board are extremely disappointed that the Cabinet Member for Finance made an incorrect statement regarding these savings at the beginning of the Cabinet meeting.

The questions asked by the Vice Chair of Suffolk Libraries and Councilor responses from the Cabinet meeting are appended to these minutes. See Appendix 1.

No satisfactory answer has been offered to Suffolk Libraries on why the Scrutiny Committees recommendations were not accepted and this decision will weaken Suffolk Libraries, not protect it. This is extremely disappointing considering the large amounts held in reserve by SCC. The Suffolk Libraries Board feel that this was not a well-considered process and the budget was a foregone conclusion. This is dispiriting and demoralising for Suffolk Libraries who are already looking at a deficit with planned savings of (95K) and the Cabinet decision has made this decision even more dangerous.

The Chair asked the Chief Executive to give an update on the resilience of Suffolk Libraries following a seminar held by the auditors. The recommendations are:

- That the Society's Directors note the importance of resilience, defined as a 'strong organisation strategically focused and able to cope with shocks and challenges'.
- That the Directors note the importance of a reserve which ensures that the organisation remains solvent and can meet its liabilities.
- That the Directors commit to a review of the Society's reserve policy to ensure that this is the case.
- That the Society's Director Handbook be reviewed during the year to confirm it complies with good practice.

The Auditors advice in November was to hand the service back to SCC if Suffolk Libraries cannot mitigate the savings requested by SCC.

The Chief Executive shared a case study of Kids Company in which their Board didn't take responsibility for their reserves and finances.

The Chair then asked the Vice-Chair to give the Board members an update of the risks which are being faced, as follows:

- Year end 2015/16 – there is a larger deficit than hoped for and the reserves will need to be dipped in to.
- The largest cost to Suffolk Libraries is its staff. Suffolk Libraries will face major implications with the living wage increase and there is significant risk that Suffolk Libraries could become insolvent. Staff are valued very highly by the Board and last year the Board committed to put key staff through a leadership programme. This is not now able to be taken forward and this commitment to the staff has been broken.
- Non-core work – Lowestoft Café will be an additional cost this year of approximately (£20k) loss and there are concerns with the Libraries Books and Reading Team estimated loss. Negotiations are currently underway with CYP regarding children centre contracts but unless there is a timely conclusion this will roll-on into 2016/17 which will mean that the Libraries

	<p>Books and Reading Team are not sustainable and could have a detrimental effect on the whole of Suffolk Libraries.</p> <ul style="list-style-type: none"> Reserves will have to be utilised next year to keep the service running. Every year the reserves are being reduced and not being built up. There are huge challenges ahead and these risks should not be underestimated as SCC will be handed back the Service, and therefore the costs, if these are not addressed. <p>The Chair then informed the SCC representatives that the Board had taken a vote earlier as to whether to accept the 2016/17 offer or enter into a dispute resolution, highlighting that there is no commitment whatsoever for 2017/18 as this would be irresponsible and the board would not be able to fulfill their duties.</p> <p>The Board voted, by a majority, that the savings for 2016/17 would be, reluctantly, accepted but the Board had voted unanimously not to accept the proposed cuts for 2017/18.</p> <p>The Chair stressed that it would be the responsibility of SCC to indicate how the service specification might be changed for the purpose of any future planning. He also reiterated the continuing commitment of the Board to protecting and improving the service.</p> <p>Cllr Stamp responded that she understood and appreciated the response from Suffolk Libraries and had reiterated their concerns to her colleagues. She will be lobbying for a reduction in the requested savings for 2017/18 and these discussions should be commencing soon.</p> <p>The Chair thanked Cllr Stamp for her response and requested that serious questions are asked around the scrutiny process.</p> <p>The Chief Executive asked that costs for redundancies for parts of the service which are not core or statutory could be recognised or supported by SCC. She also asked for some assistance with CYP and the Children's Centre contract to be decided in a timely fashion as the discussions were too protracted last year.</p> <p>Cllr Stamp requested a briefing paper regarding the Libraries Books and Reading Team which the Chief Executive agreed to send to her.</p>	<p>SS</p> <p>AW</p>
<p>8.</p>	<p><u>Organisational Change Update</u></p> <p>The Head of HR asked the Board to note the paper discussed at the recent Staffing Committee meeting.</p> <p>The Organisational Development policy sets out the Society's approach to dealing with changes that affect employees.</p> <p>The Society continuously needs to evolve as an organisation to meet changing business needs and therefore it will need to reshape staffing structures, redeploy people to areas of need, reskill staff and progress performance to be continuously sustainable and able to respond to strategic opportunities. The document included the following areas:</p> <ul style="list-style-type: none"> Talent Management and retaining key talent 	

	<ul style="list-style-type: none"> • Succession planning • Performance Management • Handling redundancies and Suffolk Libraries redundancy policy. <p>Contractually staff TUPE transferred from SCC are covered by different terms and conditions than those staff on IPS terms and conditions. The main difference relate to redundancy, travel and disturbance and salary protection.</p> <p>The terms and guidelines were adopted by the Board.</p> <p>The Vice Chair stated that it would be useful to raise Leadership training at the forthcoming Community Groups meeting as some groups may wish to fund their local manager attending this training. Some Friends Groups have already done this.</p>	DH
9.	<p><u>Business Development Priorities</u></p> <p>This was covered in Item 5 'Update from Committees'.</p>	
10.	<p><u>Any Other Business</u></p> <p><u>Norfolk</u></p> <p>Cllr Stamp stated that her counterpart in Norfolk has had a conversation with her regarding Suffolk Libraries and how good it is and that he would be keen for details on, perhaps, a consultancy basis. It was agreed that an exploratory conversation should take place and the Chair should be contacted.</p>	SS
11.	<p><u>Date of next meeting:</u></p> <p>31st March 2016, Eye Town Hall</p>	
12.	<p><u>Health and Safety Training for Board members</u></p> <p>The Compliance Manager gave a 30-minute Health and Safety session for elected Board members.</p>	

Appendix 1

Question from Suffolk Libraries Vice Chair:

"In her update to Cabinet on 8th December, Councillor Evans drew particular attention to the Scrutiny Committee's recommendation, shown as 2c) Appendix A, requesting that the proposed cuts to Suffolk Libraries funding be reconsidered, and funds found from reserves to negate the proposed savings.

The cuts proposed for each of the next 2 years represent less than 1% of the growing reserves. In the Report from the Chief Financial Officer, Appendix B, his final recommendation states that where advice is not accepted, this should be recorded formally with reasons.

The recommendation before you simply states that it is not feasible to protect these budgets.

Why was it not considered feasible, to implement the Scrutiny recommendation to take the savings expected from library services from reserves, given that so little context has been provided on how this was decided, or supporting information, including a statement from Suffolk Libraries"

Councillor Smith's response:

"The Council has made savings of over £170m since 2011-12 and needs to make further reductions of about £80m over the next two years with more savings in the order of £50-60m to be identified in the period 2018-19 and 2019-20.

These are higher than previously anticipated as the Provisional Local Government Finance Settlement announced on 17th December 2015 indicated that the Revenue Support Grant would reduce much faster than previously expected.

Despite significant grant reductions since 2011 the Council has tried to protect front line services and council tax payers by freezing council tax for five years. Setting up the Library Service as an Industrial and Provident Society is an example of this. However as each year becomes more and more difficult no service the Council pays for can escape having to find savings including the Library Service. The Council has targeted £0.7m to be saved by this service over the next two years and has been in discussions over how this may be achieved.

Reserves are not a sustainable way to permanently fund savings and need to be maintained at a prudent level to address the funding uncertainty and volatility that local government faces. The advice in the Report by the Director of Resource Management is based on the savings as proposed being agreed and delivered. Clearly if this was not the case reasons for not doing so will need to be recorded."

Supplementary question from the Vice Chair:

"You suggest setting up the IPS was an example of protecting front line services and that it cannot escape finding savings.

Since Suffolk Libraries was set up in 2012 it has already achieved savings of 28% on the cost of library services and is now being asked to save a further 11%.

In order to meet its legal and financial duty as an IPS and fulfil its responsibility to its members, Suffolk Libraries must consider the robustness and risks of delivering the proposed budget and the adequacy of its reserves to manage those risks.

Achieving the proposed cuts is not possible without a material revision of our service specification which will take significant resource, time and planning.

Would Councillor Smith like to comment on whether he believes Suffolk Libraries would be acting responsibly to agree the proposed cuts without clarity on how they might be achieved, and how the Council will manage the financial repercussions if they fail?"

Councillor Smith's response:

He thanked me for "my hard hitting question". He said he was a keen supporter of Suffolk Libraries having made two previous grants to Aldeburgh from his locality budget.

*That the **grant** to include the £350K reduction for 16/17 had already been agreed and that discussions were continuing to agree the following year.*

*He felt the **grant** was sufficient for all our legal and financial needs.*

Councillor Stamp in her budget speech did correct the inaccuracies in his statement about agreement already having been reached and confirmed that discussions were on-going.