

**Communities Select Committee****7 November 2017****Surrey Performing Arts Library- options for the future****Purpose of report:**

To provide the Communities Select Committee with a briefing on Surrey Performing Arts Library; the context of Medium Term Financial Plan savings; and options being considered for the future operation of the Library.

Introduction:

1. The Surrey Performing Arts Library (SPAL) is part of the Surrey County Council (SCC) library network. It is based at Denbies in Dorking and while it has strong local links it is designed to be a countywide service and also supplies loan items to groups across the Surrey's borders and nationwide. It helps support the cultural life of the County by bringing together a wide range of material on all aspects of performing arts particularly through its specialist service to performance groups. This is through the loan of multiple sets of music and drama materials borrowed by groups at affordable charges and by single copy books borrowed by individuals. These materials can be borrowed by visiting the library at Denbies or by collection from local libraries. In supporting music and drama participation it helps spread the many well attested community cohesion as well as health and wellbeing benefits of participation and engagement into the lives of Surrey residents.
2. SPAL also hosts, at cost to SCC, some collections on behalf of other organisations including the Ralph Vaughan Williams Society archive and collection as well as the Kirby collection on behalf of Making Music.
3. It is one of very few music and drama libraries remaining in the UK which illustrates the challenges local authorities face in keeping a specialist, non-statutory library open in difficult financial times. The reduction in other libraries lending music and drama resources nationally has resulted in Surrey becoming a net lender of material to other library services rather than a borrower and this has become an additional strain on the Service.

4. SPAL is an award winning library in its field, with an excellent reputation for its staff and service. However, within its operational arrangements and performance, even before the decision to reduce its budget, it has been facing a number of challenges which need be taken into account in deciding its way forward in the future.
5. The Medium Term Financial Plan (MTFP) assumes that PAL will be made cost-neutral to the library service's controllable budget and a corresponding reduction of £180,000 has been made to the 2018-19 budget.
6. Recognising the benefits delivered by SPAL, given the efficiencies already realised in the library service and future budget savings to be made, the Service has been developing options centred round finding a possible sustainable future for this specialist service given the £180,000 budget reduction that is necessary.

Why the service needs to change
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7. SPAL is a highly regarded service by its users but over the last five years its borrower numbers have generally declined year on year. Between 2012 and 2017 active borrowers have reduced by 19% despite efforts by staff and managers to increase use. As shown in Annex 4, the user base is now quite narrow. While recognising its specialist function, SPAL's annual visitor numbers of 15,829 in 2016/17 places it 47 out of 53 Surrey libraries. Issues of 106,413 in 2016/17 place it 11 out of 53 libraries- but if this is adjusted to take account of multiple copies of the same item in these figures, PAL is on a similar ranking as its visitor numbers. Although efforts have been made by staff and managers, the overall trend is down.
8. The remit of SPAL is to be a countywide service, and users can order materials from it and collect and return at a Surrey library of their choice. It has developed close local links in the Dorking area but has a lower profile in the County as a whole and among non-users. There are also potential users with which the service is not engaging in its current form. Use is predominantly by music groups as opposed to drama groups. Of the total group borrowers, 52% have a postcode outside SCC's administrative area. There is an opportunity through change to redefine the role of SPAL and find ways to increase its reach and impact while also making it financially more effective.
9. One part of SPAL's remit is to provide services which lead to increased wellbeing among individuals by encouraging their participation as both a performer and an audience. Charging rates have been set historically at a level aimed at being inclusive and accessible by even small groups. Current

income for SPAL is £68,000 per annum. More detailed information on SPAL's income can be found within Annex 3. Concern has been expressed by some key stakeholders such as Making Music that prices should not rise too much, while other stakeholders feel there is scope for price rises. Clearly the pricing regime needs to be reviewed to make SPAL financially sustainable including the price differentiation between Surrey and non-Surrey groups.

10. Surrey participates in a number of library interlending (ILL) schemes which entitle it to borrow music scores and play sets from participating libraries and, as part of reciprocal arrangements, other organisations can borrow from Surrey. As other specialist libraries have closed, Surrey has become a net supplier to other authorities. The complex administrative arrangements and charging schemes now disadvantage Surrey. Surrey is underwriting the cost of lending to other organisations by around £80,000 a year. The £29,733 cost of resources borrowed from other authorities is partially offset by income derived from loaning them to Surrey residents. The total cost of funding the ILL scheme as currently operated represents over 53% of PAL's net budget. More information is included in Annex C. A decision will have to be made whether or not to withdraw from these schemes, move to a cost recovery basis, or set up a new scheme.
11. The current computer system provides a range of problems. The library service's computer system is a general purpose system which does not meet the specialist needs of a performing arts library in enabling it to run efficiently. Coping with this has resulted in labour intensive additional processes and the system does not facilitate library users being able to order, pay for and manage their requirements and accounts on line and with ease. A bespoke performing arts system such as that used in Nottingham needs further investigation as this could provide greater efficiency for staff and satisfaction for public users helping reduce costs in any future operating model.
12. Recent Chartered Institute of Public Finance and Accountancy (CIPFA) figures indicate that PAL holds 205,206 individual items which includes 35,216 playsets and 97,554 music sets. The stock has a breadth and depth which is greatly appreciated by users. This does, however, result in a large utilisation of space with a low turnover of stock particularly for single copies. It must also be noted that a significant amount of stock, known as the Kirby collection, is owned by Making Music with a requirement of Alan Kirby's bequest that the fund supports choirs and choral societies in Surrey. The collection also contains material bought from South East Performance Sets Interloans group (SEPSIG) funds. A future stock and retention strategy will have to be created for SPAL which also takes into account continually declining book purchasing budgets.

The Options

13. In recent years a number of financial, charging and promotional changes have been made within SPAL to improve its efficiency and finances but more radical change is now needed to deliver the savings and build a sustainable future for SPAL.
14. In order to achieve the £180,000 budget reduction, the service proposed three main options:-
- a. **Option 1:** Keeping the music collections and drama collections entire, but relocating them separately across SCC's major libraries, where there is suitable capacity. No single Surrey library has the capacity to take the entire collection. Given the large number of SPAL members who order and collect locally this is seen as a workable, less expensive alternative. These collections would be supported by the staff of the host library along with volunteer assistance and the existing high footfall of the host library would provide a fresh audience and a chance to engage with new customers- people's choirs, play reading groups etc.
 - b. **Option 2:** For SPAL to be continued in the care of a partner or partners in a body or organisation which would manage and support its future outside of SCC management and ownership, at a different location and funded independently in some way, while still retaining access to the stock by Surrey residents. This is seen as welcome by some stakeholders who otherwise foresee a specialist library such as SPAL continuously under threat due to recurring budget reductions over the coming years.
 - c. **Option 3:** Initially closure had to be considered due to the overall budgetary pressures facing the Council. However, the service is now confident that the collections could still be made available if necessary by relocating them to other Surrey libraries.

Contact with stakeholders and user questionnaire

15. The Library Service has been concentrating for some months on the £500,000 savings it had to make this year and, at the same time, has been looking closely at all aspects of how SPAL currently operates with a view to increasing its use and reach, raise its profile, and the upcoming savings required within the MTFP 2018-19. This summer, the Service commenced meetings about SPAL with key stakeholders including Friends of the Surrey Performing Arts Library (FOSPAL) and Making Music (the national

organisation representing music societies, the Ralph Vaughan Williams Society and the Leith Hill Festival.

16. A consultation was planned specifically as a user survey (and not an open public survey) the purpose being practical and solely to establish how the various options would impact on users. It was launched on 4 September 2017. The questionnaire also included an option for respondents to express an interest in offering to take on the library or being willing to discuss options.
17. The service also contacted 43 other stakeholders active in the field to make them aware of what was happening and inviting them to get in touch if they wished to be involved in developing options for the future.
18. The survey, as expected, generated interest and, in response to requests, the deadline for responses was extended to 1 October 2017. However, 79% of responses were received within the original survey period. At closure, 1474 on-line responses were received and 220 comments. An analysis of the responses is attached at Appendix 4.

Conclusions:

19. SPAL is a highly respected and appreciated service but with high running costs for its output and with a declining level of users and business a more effective operating model needs to be developed which also achieves the required savings of £180,000 from the Library Service's budget effective from 1 April 2018-19.
20. In terms of making SPAL more cost effective in any framework, three problems need to be addressed; labour intensive staff processes due to a less than ideal computer system; a solution to the high staff and budget impact of the ILL system; a new pricing regime which is realistic for its market and does not deter the many small groups who use the service.
21. The user survey had a good level of response and has given a clear steer on the views of users on the three options. A useful range of organisations have stepped forward to discuss involvement in the future of SPAL. While option 2 had the higher number of positive responses- finding a way of making SPAL independent of SCC- nevertheless results also indicated that a high proportion of users would still use the Service as outlined in Option 1 - relocating the music and drama collections separately to other main libraries in the County.

Recommendations:

The Communities Select Committee agrees that:

- i. Further evaluation work takes place in relation to costing a new IT system better suited to the specific needs of a performing arts library such as the system currently in use in Nottingham;
- ii. the Library Service carries out further analysis of the current ILL systems and propose a range of changes which would improve the financial viability of the ILL service and also evaluate the impact of withdrawing from the systems;
- iii. the service produces and implements a range of revised pricing for PAL services which can be implemented in shorter and longer timescale;
- iv. Option 3, closure of the service, is removed from the list of options. Having done feasibility studies of option 1 the service is confident that keeping the music and drama collections intact and relocating them within main libraries in the system is a practical way for PAL to continue to operate under the remit of SCC with a different operating model and could achieve the required budget reductions. There is no evidence the music and drama collections need to be co-located. The service will continue developing option 1.
- v. the service works as a priority on option 2 for which a preference was expressed in the questionnaire- an independent future for PAL, and in tandem Option 1 as a safety net to continue to make the collections publically available if a suitable partnership cannot be established. Currently the service is working on a number of leads which have arisen from the survey and the additional stakeholder contacts.

Next steps:

Contingent on discussions at the Select Committee meeting, officers will seek to progress recommendations i to iii as outlined above.

Following further work, and dependent on the availability of stakeholders for Option 2 a range of options for decision will be presented to cabinet for decision.

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Annexes:

Annex 1 Borrowers, visits and issue trends

Annex 2 Budget

Annex 3 Charges, price rises and comparison with other authorities

Annex 4 Full Consultation analysis

Sources/background papers: none

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