# Communities Select Committee

## February 8  2018

# Surrey Performing Arts Library- Update on Development of Options for the Future

**Purpose of report:** To provide Select Committee with a progress update on options for the future of the Surrey Performing Arts Library (SPAL) and the risks and benefits of the options, so that a recommendation of Select's preferred option can be made to Cabinet.

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**Introduction:**

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This paper updates the Communities Select Committee about progress on options to keep performing arts library services available while achieving the required budget saving of £180,000 from 1 April 2018. Key options include relocating the collections in main libraries, finding an established organisation to take on the collections while retaining access to it by Surrey residents, or the establishment of a charitable organisation which would build a future for it independent of Surrey County Council (SCC). The option to close the service has been removed.

A report outlining proposed options for the future of Surrey Performing Arts Library (SPAL) was considered by the Communities Select Committee at its meeting on 7 November. Following extensive discussions, the Committee made a series of recommendations to officers which included requesting that a report be considered by the Select Committee at its meeting on 8 February 2018. This report therefore also provides an update on the recommendations made by the Communities Select Committee

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**Financial context**

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Since 2010 the Library Service has reduced its budget by £1.2 million and absorbed £1 million pounds of financial pressures while keeping 52 libraries and the Surrey Performing Arts Library (SPAL) open at a time when libraries across the UK in general, and performing arts libraries in particular, are closing.

SCC will have significant budget pressures in the next financial year.

In the Library Service, including the £180,000 from SPAL, further significant budget savings must be achieved over the next two years.

**Recommendation 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

**Action:**

1. A group of library staff visited the Nottinghamshire Performing Arts Library (NPALS) in November and examined the system comparing it to the current system and the weaknesses which need solving- in particular, a poor customer experience, poor online presence, time consuming administrative procedures and time consuming Inter Library Loan procedures. The service would like to express its thanks to the NPALS staff who were very helpful. The current Surrey SPAL stock levels are four times that supported by the NPALS system. While some parts of the system were a positive improvement, concerns were identified from the SCC perspective.

2. The current NPALS system was designed and is used purely for multiple copy sets of music and drama materials loaned to group borrowers. As well as a group membership, SPAL also offers an individual membership, and single item general stock on film, dance, and other aspects of the performing arts. Single copy material does not form part of the NPAL stock but is held at Nottingham central library catalogued and used separately on the main library system.

3. The NPAL system is not compatible with other systems. Certain areas are customisable, others require development or may be hard coded and therefore unchangeable. Any changes would attract a development charge. While not rejecting the NPALS system completely, the service is now talking to SCC's IT & Digital department about the issues involved and also widening its research to look at options in use at other authorities. There would need to be considerable time and effort involved in transferring Surrey stock to the system, (although an element of volunteer help with this is not out of the question) so the return on the investment would need to be significant.

4. It should be noted however that the representatives of the Friends of the Performing Arts Library (FOSPAL), Making Music, and IAML (International Association of Music Libraries) are more confident that the NPALS system would be suitable for an independent model and use of this system is proposed in their statement as outlined in Annex 4.

**Recommendation ii:** the Library Service carries out further analysis of the current Inter – Library Loan (ILL) systems and propose a range of changes which would improve the financial viability of the performing arts aspect of the ILL service and also evaluate the impact of withdrawing from the system

**Action:**

5. Revised charging has been put in place for Inter Library Loans (ILL) as an initial step in improving expenditure/income balance and reflecting more realistically the value of the service and the level of resource required to provide it from 1 February 2018. The current procedures have been streamlined where possible. The factors which hinder greater streamlining are the lack of a national live database for music and drama sets and the library's current IT system which does not cater well for tracking or lending material borrowed from outside the county. Fuller details can be found in Annex 1.

6. Withdrawal from ILLs could take place in two ways, the first being stopping obtaining items for users which is not in stock in SPAL and not lending out items to other authorities. This would impact on current Surrey users who have expressed the importance to them of the ILL system in obtaining a wide range of materials. Also Surrey withdrawing from its position as a significant net lender would have an impact on libraries outside Surrey. As performing arts libraries continue to close, the pressure on Surrey will strengthen unless national effort can be made to improve the efficiency of the system and share resources more effectively. An element of future income on rentals would be lost.

7. Secondly, withdrawal from the schemes described in the Annex might bring a business and market benefit in being able to offer a loan service directly to anyone within the country with better cost recovery for Surrey as a net lender. Immediate consequences would be the return of 9,500 copies of music to the relevant ILL co-operative (SEPSIG), but this could be managed. Further work on how this model would fit into and compare with the current market needs to be done.

**Recommendation iii:** The service produces and implements a range of revised pricing for SPAL services which can be implemented in shorter and longer timescale

**Action:**

8. Interim price rises have been introduced from 1 February 2018 as shown in Annex 2. Key changes include increased subscription rates with greater differentiation between Surrey and outside Surrey groups, and increased charges for sets, reservations and late returns.

**Recommendation iv:** Officers review staffing costs to secure immediate savings and to investigate the use of volunteers

**Action:**

9. It has already been stated that the current general computer and financial systems are not the most effective for this specialist service and makes administrative tasks more time consuming. SPAL is also a net lender to other authorities generating workload pressures. This combination means historically SPAL has had a higher level of staffing (including two full time specialist librarians) than comparative sites such as NPALS- which deals only with multiple copy sets, has one quarter of SCC's stock, half SCC's number of groups to deal with and is open for fewer hours. As previously noted, work on finding a better computer system is ongoing.

10. The departure of some staff from SPAL has given an opportunity to staff the unit differently on a temporary basis and the budget figures to date are shown in Annex 3 with the 2017/18 costs showing a projected reduction of £40,000.

11. The temporary staffing arrangements at SPAL demonstrate that staff costs can be reduced and suitable tasks are available for volunteers both in supporting manual work and administration and volunteer advisory roles which can be blended in to whatever new model is finally put in place. Volunteer roles are being developed in line with library policy and procedures but an independent body would have greater freedom in how volunteers are used. It is clear that other authorities have time limited and less expensive ways of dealing with music and drama enquiries which can be replicated in Surrey and would not require two full time librarians. Provision of specialist advice at set times, via helpline, email or on duty volunteers with specialist knowledge will be investigated.

12. Of the specialist posts one has been deleted due to voluntary redundancy and the other is currently filled by a manager. The levels have been readjusted so the staffing has been reduced from 5.67fte to 3.67fte (with two of the current staff on secondments into SPAL) and training put in place to support the staff. The Service has had no negative feedback from the public about a lack of librarian support. There is also a possibility that there could be some buying in or sharing of advisory facilities or indeed charging for some higher levels of advice. The staffing for SPAL is continuing to be provided at a basic operational level pending the Cabinet decision in March. It should be noted that the current operating arrangements for Option 1, to achieve the cost saving do not specifically contain a staff cost for specialist advice.

13. Although users state that they would prefer specialist help, analysis of enquiries does not demonstrate frequent complex enquiries and suggests that many enquiries can be satisfied by trained operational staff. This would also be helped by an improved computer system with better and simpler searching facilities.

**Recommendation v: Establish a forum to investigate the viability of Option 2**

**Action:**

14. Following on from the meeting of the Communities Select Committee on 7 November 2017, a Forum to investigate the viability of Option 2- an independent future for SPAL was formed, including representatives from Friends of Surrey Performing Arts Library (FOSPAL), Making Music, International Association of Music Librarians (IAML) and officers from Cultural Services. Since November it has met several times to investigate the viability of Option 2 and the working group has discussed a range of options for the future of SPAL, put together a financial model for use with potential partners, and kept up to date with the work the Library Service has been doing on Option 1 and in looking for an organisation to take over and run SPAL.

15. It was not an explicit task or purpose of the Forum to establish an operational model for the future delivery of SPAL but during the process of considering the viability of Option 2 (due to their concerns about aspects of Option 1 arrangements) Making Music, IAML, and FOSPAL- who had not previously submitted an expression of interest individually or collectively, as a result of earlier dialogue with them or during the user survey period, decided to establish a charitable organisation (NewSPAL). The new entity would not be based on the existing organisation but would be a new standalone structure with representatives of the said organisations among its initial trustees. The risks and benefits of this option are covered later in this report.

16. Hosted by FOSPAL, Making Music and IAML, a public meeting was set up on 13 January for SPAL users and stakeholders to attend during which Forum members and SCC officers updated SPAL users and stakeholders on progress made on the various options and their risks and benefits.

> **Benefits and risks of the options**
> - **Option 1- relocate the collections in two main Surrey libraries**
> - **Option 2a- collections move into the care of a relevant pre-existing organisation allowing public access**
> - **Option 2b- SPAL is provided and managed by a newly formed independent organisation.**

17. Postcode mapping of SPAL users at the time of the survey showed concentrations of users in the following geographical areas:

    a) Immediate Dorking area
    b) Leatherhead/Fetcham/Epsom/Ewell
    c) Redhill/Reigate
    d) Guildford/Godalming.

18. West Sussex users are spread throughout the county with concentrations around the south coast (Shoreham to Bognor) and the Horsham area. There is also use within immediately neighbouring London boroughs.

19. Officers have reviewed main libraries in Surrey in these areas to identify space where each collection can be placed in the public area of the library providing access whenever the library is open and where collections can be browsed easily as they can now. Although of those surveyed, the majority said they would prefer the collections to stay together, they also said they would continue to use the service if they were relocated in this way.

20. There is no evidence that the collections and their users interact with each other in any way despite currently sharing a building. Requirements for easy loading and parking have been taken into account.

21. Option 1 would see the following retained in the music collection location. Music multiple copy sets, song albums (scores) tutors by instrument, songs/scared/choral, opera/operetta/musicals, instruments (total), chamber music, miniature scores, full scores, collected editions, single scores, jazz.

22. In the drama collection would be: Drama multiple copy sets, playsets, audition pieces, single copy plays, Shakespeare material in book form.

23. The remaining general interest related book stock would be integrated into library stock across the network, including music in general, opera, musical theatre, drama criticism, history of theatre, dance, film, TV and radio.

**Option 1 Benefits**

24. The key benefit of this option is that it is the most controllable option and one which can definitely be carried out in a shorter timescale to achieve the full savings. It will not require the Library Service, which already has a substantial amount of budget savings to achieve, to fund the £180,000 savings from 1 April 2018 while other options which are slower to deliver are completed, which will have a negative impact on the wider service.

25. It will retain the collections in the care of SCC which stands out from other counties in its materials provision for the performing arts and on which other authorities depend, and will give the minimum disruption to users as the two collections can be moved at separate times, and at the quietest period for users who can be given maximum notice. The collections will only be unavailable to users for a short time as all elements of the project are under SCC control, shelving and the rolling stack can be moved and re-used keeping costs down. A considerable amount of work has already been done by the service on the practicalities of this option. Given the budget pressures SCC is under this

option is the most reliable and timely way of achieving the required £180,000 reduction from 1 April 2008.

26. A key strength is that, in principle, although the service may be run differently, there will be the capacity to continue the ILL service, local pickup of materials from Surrey libraries and maintain the delivery link to West Sussex. There is also a possibility that with exposure to a driven footfall to the main library, use could be encouraged to expand from currently under represented age ranges and types of performance.

**Option 1 Risks**

27. The challenges of this option at present are that the SPAL service will still be subject to the pressures and uncertainties of local government funding in future years. Also, marketing and advocacy on an ongoing basis need to be set up to promote the service more pro-actively than previously as the review showed that use has been declining and organisations such as Making Music have pointed out the service is under promoted and publicised. In addition, it has to be recognised that no high level specialist time would be provided which may result in some initial drop in user satisfaction although this is not appearing under the current temporary arrangements. Enhanced training would be given to staff in these locations. It would also be possible to produce more user guides and self-help tools which assist in the more self-service approach and the use of volunteer advisors similar to those already deployed in the service for local history could be deployed. Furthermore, there is still hope that the IT system can be improved either by purchase of a new system or via the main library service's IT contract which is in the process of renewal.

28. For clarification, while SCC would not plan to make any new stock purchases during 2018-19 while the collection is moved to new locations, from 2019-20 it would plan to support stock purchase for these collections at an appropriate level.

**Option 1 - Summary**

| Benefits | Risks |
|---|---|
| Lowest financial risk for SCC & libraries | Retained within SCC may be subject to further budget pressures |
| Full saving delivered in short timescale | Temporary loss of use and income while users adjust |
| Most controllable delivery | Will need marketing to increase use |
| User survey said users would still use collections if they moved | Possible drop in user satisfaction |
| Locations available where user questionnaire shows clusters of SPAL users | Improved IT system to increase efficiency still in progress |
| Minimal disruption to users | Higher costs for Inter library loans |
| No reduction in opening hours or browsing | Pressure on Surrey to lend to other authorities increases |
| Low moving costs | |
| Maintains local collection of items from Surrey libraries | |
| Maintains ILL system for users | |
| Collections and pricing remain in control of SCC | |

**Option 2a - Collections move into the care of a relevant pre-existing organisation with public access.**

29. The Library Service has completed a range of actions aimed at identifying whether any pre-existing organisation such as a university, educational institution or other body would be willing to take on the full collection and have the facilities to keep it easily accessible to the public. This was done by giving an option in the user survey for people to flag up if they were interested in helping build a future for SPAL. The second approach was to develop a list of suitable organisations which were directly approached. Any leads were followed up concluding with three being given serious consideration. Networks of contacts were also used to explore as wide a range of organisations as possible.

30. After discussions and site visits it became clear that some organisations were not viable options either because they did not wish to take a sufficient part of the collection, had access issues- either physical or term time only access, or had development plans which were in a timescale considerably longer than were feasible in terms of the budget pressures.

31. Following this work one strong lead is still progressing with more detailed discussions being held about the nature of the arrangements, on what terms the collection would be held, how the service would be housed, managed and made available to the public as well as what the future business plans for the organisation would be.

## Benefits of Option 2a

32. The benefits of this option are that, while it is unlikely to be completely achieved by 1 April 2018, providing the nature of the arrangements can be agreed fairly quickly it is likely to be faster and less uncertain to work with a larger, resourced, pre-existing organisation than a completely new organisation starting up, due to premises, management, staff support, business planning and marketing ability already being in place. The collections would also benefit in use from a new range of users brought by the students at the location and the different community in which it would be based with a good range of relevant performing arts related students and organisations in close proximity and business planning which includes increasing community involvement. The operating model would also include an element of volunteer help which would also be of positive benefit.

## Risks of Option 2a

33. As discussions are ongoing, in terms of achieving the full year's saving this option retains a level of risk at this stage particularly around failure to secure a suitable agreement, confirmation of premises or potential requests for transitional support which are, as yet, unknown. Further progress in the next few weeks should indicate a realistic timescale which would also indicate any financial pressures from the £180,000 saving but if this remains an option to pursue then a time limit would have to be set for its completion in order to reduce the financial risk. The indicative timeline suggests that the transfer would take place in the medium term while suitable receiving premises were arranged. An interim service to SPAL users would be provided until the new service became operational.

**Option 2a - Summary**

| Benefits | Risks |
|---|---|
| Established organisation has premises and staff in place which should speed up transfer and reduce financial risk to SCC | Timescale would not be from 1 April so budget pressure on library service |
| Transitional costs should be less than 2b due to above | Time limit on completion of transfer would need to be set to minimise risks to SCC |
| Business and marketing skills in house | Completion of move may take longer than planned |
| Synergy between current and new users and new location may stimulate use and extend reach | Business plan may change over time causing relocation and other changes |
| Would increase hours of access compared to 2b | Organisation sets own pricing |
| Volunteer cohort likely to be available | May not provide inter library loan service |
| | SPAL users may not like shared premises |

**Option 2b- SPAL is provided and managed by a newly formed independent organisation.**

34. The Forum representatives from FOSPAL, Making Music and IAML have jointly put together a statement which includes a proposal for a charitable organisation to run a new independent performing arts library (NewSPAL). They also state their fundamental view which is that a service such as SPAL should be provided by SCC. Further details can be found in Annex 4.

35. They have formally set up a Charitable Incorporated Organisation (CIO) called NewSPAL with initially seven trustees including, at this stage, the Forum representatives. It is proposed that the CIO would take over the collections, find premises, staff and volunteers, implement the NPALS computer system and over two years expand its customer base significantly and become financially independent.

36. The newly formed organisation (CIO) would not be operationally ready until March 2019. The Medium Term Financial Plan budget reduction will be made from the libraries budget from 1 April 2018. In order to provide continuity of service for users the option would require SCC to continue run SPAL (without relocation from Denbies - as per Option 1) for a further year. Because of the need to make the budget saving the costs of running SPAL would need to be reduced to as near cost neutral as possible to avoid a budget pressure. This would require reducing opening hours for this year to 18 hrs per week; a minimal staff and limited ILL service. This, with new pricing structure, would allow a basic service (more limited than Option1) to be maintained with a deficit of around £10,000 per year.

37. The CIO option relies on SCC investing £83,000 in set up costs for NewSPAL and the CIO would require subsidies of £30,000 and £15,000 in its first and second operating years.

**Benefits of Option 2b**

38. An independent future for SPAL is an option which has support among the users and FOSPAL, Making Music and IAML who see it as a way of securing its existence in the future free from pressures on local government spending and led by its users. Being

independent and operating as a charity supported by charging for the services it provides gives it freedoms in fundraising, trading and gaining financial support in ways that SPAL cannot currently do. It also could harness the time and skill of its members to be advocates and market the service to build use.

### Risks of Option 2b

39. In addition to the risks analysis below, it is not clear whether or not the new organisation could operate an ILL system. Technically it can in that the British Library has agreed such an organisation could set up an account with it but there would be issues with regards to costs, charges, workload and transport which could impact on its users. Like all organisations which would rely heavily on volunteer help, the ability to recruit and retain the right kind of volunteers would be a risk.

### Option 2b Summary

| Benefits | Risks |
|---|---|
| Following transition year and set up costs SCC would have no further financial responsibility for NewSPAL and it would be outside of local government budget pressures | Seeks initial SCC investment of £83,000 to ensure sound set up within one year. Risk to financial viability of the service in the longer term due to move to digital music services |
| Charitable vehicle means additional funding sources will be open to NewSPAL | Requires SCC to reduce service and manage SPAL on reduced costs/increased prices for one year to mitigate impact of not making £180,000 saving from 01 04 18 |
| SPAL collections remain together and available with dedicated staff and premises | CIO needs to find operational costs subsidy of £30,000 in year 1 and £15,000 in year 2 |
| Continuation of service in independent form may be well received by users and wider public. User involvement and volunteering in running and supporting the service could have positive effects | Business model relies on increasing pricing and increasing number of customers to raise income |

### Conclusions

40. **Option 1 -** At present it is clear that Option 1 can be implemented in the shortest timescale if this is the decision by Cabinet in March. There is minimal risk to SCC or service users, as SPAL- albeit operating on a different management basis, would remain operational within SCC and substantially meeting the needs and requirements of users and with the budget savings achieved. Feedback from the user survey indicated that the majority of SPAL users would still use the collections if they were moved and the option to collect at their local library would remain. This option is relatively risk free to SCC and would allow the delivery of the full savings early on in 2018.

41. **Option 2a –** As stated there is more work to be done with the potential academic partner- including more detailed scoping of the physical provision, legal arrangements etc- but at present this option remains in scope and work will continue with the potential partner to bring the scheme to a point where a decision can be made at Cabinet in

March. There is an element of risk in this option, in terms of timescales and potential transitional costs but would not require finding of new property

42. **Option 2b -** . There is an inherent risk associated with any new organisation taking over and operating the service particularly if it is not part of a larger and resourced pre-existing organisation. There is a potential risk when the organisation is standalone – existing solely for the purpose of operating SPAL and with a business plan totally dependent on a trading proposition. As with any start-up/new organisation there would be an element of risk regarding its performance and ability to deliver from year 1. It should be noted in the proposal in Annex 4 that as it is not being proposed until March 2019 there is a requirement for a one year postponement for development of arrangements before it would be operationally ready for transfer from SCC. SCC would have to finance the cost of SPAL in this further period which would be an additional budget pressure on the service and there would be no guarantee that at the end of the development stage this organisation would take over SPAL. Also the considerable investment in transitional costs required from SCC, the impact on users of the reduced service instigated to mitigate the impact of not making the savings in 2018-19 and the risk that the CIO could not move ahead or fail needs very careful consideration

| Recommendations: |
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It is proposed that the Communities Select Committee recommends that:

   i.   the Library Service continues its work on finding an improved IT system, staff and operating efficiencies for SPAL;

   ii.  the Library Service continues to work up its plans for option 1 and its implementation;

   iii. the Library Service continues to have discussions with a current potential organisation on the transfer of SPAL (option 2a) and noting that the transfer would be a potential longer term solution conclude discussions on a planning timescale in time for a recommendation to Cabinet if this remains a viable option;

   iv.  the Library Service has discussions with the CIO trust body on the potential transfer of SPAL (Option 2b) and, noting that there are potential implications to SCC regarding the attainment of the MTFP savings in 2018/19 and a requirement for investment to facilitate it, confirm the full cost implications to SCC of this model in time for a recommendation to Cabinet regarding this proposal; and

   v.   the Library Service draws up a shortlist of criteria to be the guiding principles (best on-going user arrangements for access to SPAL services; least cost/risk to SCC finances etc) to be the basis on which the final recommendation will be made in the report to Cabinet.

| Next steps: |
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- The service is to progress discussions with legal, HR and stakeholders to define what legal and operational matters have to be clarified and included in any transfer or relocation arrangements, including those with bodies such as Making Music, SEPSIG, British Library etc. and the roles and responsibilities and service offers that would be required by future operators of the service.

- Impact of new prices will be monitored.

- The forum will meet again on February 20 to review Select's recommendations and progress on the options.

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**Report contact:** Peter Milton, Head of Cultural Services

**Contact details:** peter.milton@surreycc.gov.uk    Tel: 07837 557742

**Annexes:**

Annex 1- Inter Library Loans
Annex 2 - Interim price rises
Annex 3 - SPAL budget figures 2017-18
Annex 4 - Statement from FOSPAL, Making Music and IAML

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