



Proposal to provide the Community Library Service in Birmingham through a new Mutual Organisation

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Response to the Core Requirements document

Issued by Birmingham City Council

June 2015

Introduction

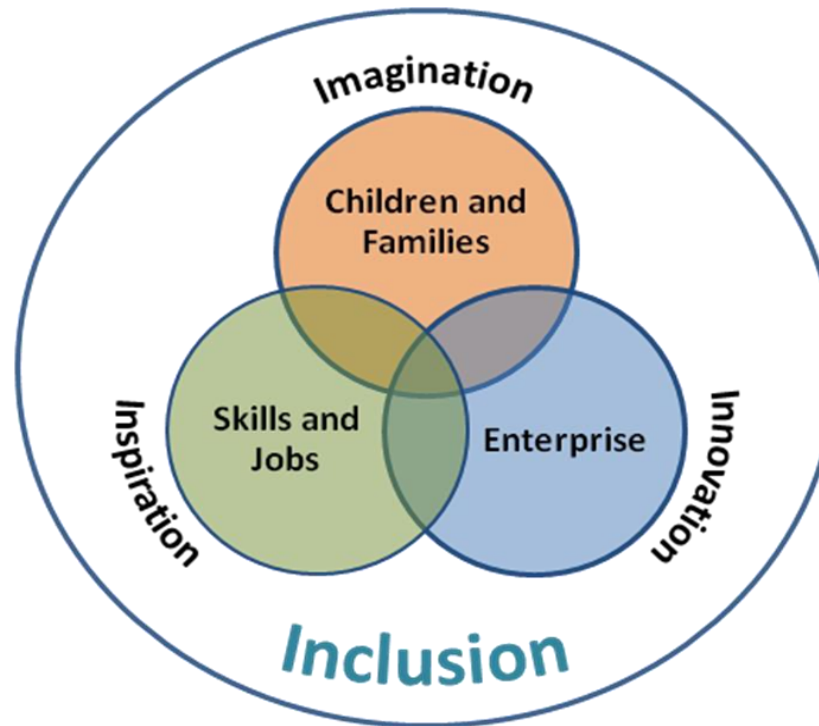
This proposal is made by Liz Parkes on behalf of the staff led Mutual in response to the core requirements document for the Community Library Service, issued by Birmingham City Council on May 26th 2015, that included:

- Service review: individual library and catchment area profiles
- Service review: needs assessment
- Service review: core delivery requirements

In the proposal we set out a clear and costed plan for a new, independent, Mutual organisation which will deliver the specification in full over the next five years and lay the foundations for a vibrant Community Library service for many years to come.

The proposal sets out the distinct advantages of establishing a Birmingham Community Libraries Mutual (BCLM) and how we will provide a service to the people of Birmingham, it is supported by our draft Business Plan. The City Council is at a crossroads in respect of its highly valued Community Library provision. We hope the Council will join with staff and communities to ensure the viability and sustainability of the city's Community Library service.

We believe, the solution to the current challenges lies in the creation of Birmingham Community Libraries Mutual (BCLM) which will exceed the city's aspirations and requirements for Community Libraries through delivering three core values – Inspiration, Innovation and Imagination with Inclusion running through all three.



Inspiration, Imagination, Innovation

To deliver this we will build on our three great resources—our staff, our books, and our physical and virtual spaces. The paragraphs below describe how our high level vision translates into daily action. For full details please see page 24 of the Business Plan.

Inspiration

Inspiration: services focussed on Skills and Jobs

Inspiration Libraries will:

- Train staff to understand the different requirements of Birmingham residents and how we can help them. All staff in Community Libraries will complete the Public Library Universal Information Offer e-learning package developed by the Society of Chief Librarians to equip them with the additional skills required to support access to online benefits.
- Support the IT needs of their community by delivering a range of e-learning packages for citizens, and the larger Libraries will deliver regular training sessions.
- Provide support to those with low (or no) IT skills to get online and engage with the benefits that the world-wide-web can offer.
- Offer learning opportunities and support with CV writing and life skills, in a safe and welcoming environment.
- Seek opportunities for greater co-location, or direct delivery, of other services targeted at improving Skills and Jobs, e.g. Neighbourhood Information and Advice.
- Help reduce the skills gap in the 7 priority wards, and support 14 year olds with independent career sign posting.

- Seek commercial sponsorship from Industry and the business sector to help equip the future workforce with the skills required for a successful career.
- Supporting literacy in school leavers, including signposting to further education focussing on NEETS.

Imagination

Imagination: services focussed on Children and Families:

Imagination Libraries will:

- Inspire learning, literacy and access to information, knowledge and opportunities.
- Deliver high quality, innovative and creative storytelling sessions. This will improve literacy, confident listening, speech and language and an enjoyment of reading for pleasure.
- Deliver focussed work with primary schools aimed at raising literacy attainment levels.
- Improving Literacy levels in children and adults in safe and welcoming settings, not only in Library buildings but delivery in community settings (see our Inspiration Libraries for our ambition around jobs and skills including improving literacy levels in school leavers)
- Support families with their needs and focussing on offering personalised learning opportunities.
- Take part in the Summer Reading Challenge.
- Seek opportunities for greater co-location, or direct delivery, of other services targeted at Children and Families, e.g. Youth Services.

Innovation

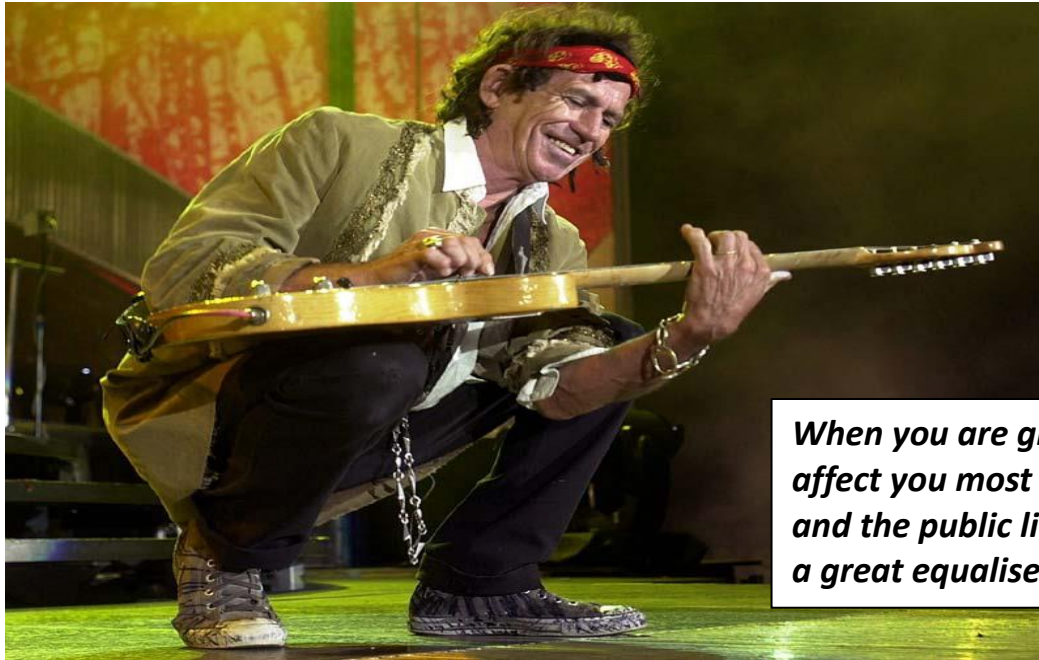
Innovation: Services focussed on enterprise

Innovation Libraries will:

- Offer a base and resources to support local working within Districts, the Mutual will develop partnerships with agencies offering resources and dedicated support for emerging enterprises / businesses.
- Offer a menu of services aimed at the independent professional. Enterprise Centres provide a flexible workspace in addition to home working. The space supports networking which strengthens local entrepreneurs, in a space where they can meet bounce ideas, work and learn in a professional environment, connecting with regional and national agencies and resources.
- Supports Birmingham's green agenda by enabling more flexible working around the city and helps stagger the pressure on the regions road network.

Inclusion

BCLM aims to be inclusive of all the diverse communities of the City. The Libraries will reflect the needs, interests, expectations and aspirations of the full range of Birmingham's communities of interest including people with protected characteristics.



When you are growing up there are two institutional places that affect you most powerfully: the church, which belongs to God, and the public library, which belongs to you. The public library is a great equaliser.” Keith Richards

Birmingham Community Libraries Mutual: the vision

We will establish a new Mutual organisation – the Birmingham Community Libraries Mutual (BCLM) – which will deliver a comprehensive and efficient Community Library service for the whole of the city. Libraries are vital centres for culture, learning, innovation, enterprise and information. Our citizens are entitled to a full network of local Library services.

The organisation will be owned and governed by library users, communities, citizens, staff and partner organisations, working in close collaboration with Birmingham City Council. This ongoing support and commitment will be manifest in an annual grant agreement between the City Council and BCLM.

BCLM will combine skilled, professional staff, with the energy of the community and the engagement of local Councillors. Community engagement is built into the governance of the Mutual. BCLM will recruit community volunteers, drawing on their skills to add social value to their community, enhancing their life skills, self-confidence and employability.

Our staff will be re-motivated as they become co-owners of the new services, increasing their capacity for new ways of working, increased training opportunities and service innovations. BCLM will be a social enterprise and will use any profits it makes to improve the Community Library service. It will not distribute profits to shareholders or members. It will be a modern, efficient and comprehensive library service built into the fabric of the city that partners funders, and communities and that individuals see as vital and relevant to their lives.

BCLM Mission Statement

The BCLM mission is for people to find ideas and information to stimulate their imaginations, where they can access books for pleasure, learning and recreation, where they can experience new technologies that can improve their lives and build new contacts and networks in their communities. This will be delivered through a strong network of local libraries to stimulate energy and to support enterprise.

BCLM will:

- **Deliver 35 local Libraries** (see page 54 of the Business Plan)
- **Retain a core of approximately 100 professional staff** working with a team of trained volunteers, (see page 53 of Business Plan)
- **Save in full the £1.865 million of savings** from the current operational budget over the next three years, (see page 65 of Business Plan)
- **Generate new income in excess of £3 million** through trading and enterprise in its first five years. (see page 65 of Business Plan)

BCLM will

- **Put** Community Libraries on a **strong and sustainable** footing for the future – keeping them **open and relevant**
- **Ensure** BCC maintains its **statutory duty** under section 7 of the Public Libraries and Museums Act 1964 and minimises any risk of legal challenge.(see page 17 of the Business Plan)
- **Maximise** the **engagement of stakeholders**, maintain the influence of Districts and involve local people in the governance structure of the organisation. (see page 58 of the Business Plan)
- **Be Flexible** with the freedom to **innovate, generate income and to provide the services that its customers want**. (see page 66 of the Business Plan)

What can the Mutual do differently -

Cultural change

1. The new Mutual will have one purpose, to deliver Birmingham Community Libraries. All energy and resources will be focussed on this purpose. Evidence from other public sector mutual' s shows that this new and sharper focus leads to a more agile, responsive, flexible and effective organisation.
2. To deliver future services differently and to make them excellent, Community Libraries will need to develop a new culture. The creation of the Mutual in which staff and communities have a stake will enable this change to take place much more quickly and effectively. As co-owners, staff will have a vested interest in success and a secure future. This will ensure staff are more focussed on engaging with people and delivering excellence to users and communities.
3. Staff will undergo training and development to champion new skills to take the service forward.
4. The scale and complexity of Local Government can be daunting to SME's, social enterprises, voluntary organisations. Being more community based, the Mutual will attract and encourage such organisations to engage with the Mutual to improve community services for the public. In turn, the Mutual will be closer to the community, understanding their requirements.
5. The Library Service has played a part in most people's lives at some point, either revising for exams or researching that new job and what has become apparent is a genuine affection for libraries and concern about their future. Already, the concept of the Mutual has attracted support from several businesses and organisations (please see the letters attached). These organisations have shown passion, drive and in some cases finance to support the Mutual to ensure that the libraries remain a focal point of their community for generations to come.

6. Preliminary conversations have taken place with a number of companies who are interested in improving the property portfolio through their Corporate Social Responsibility activities.
7. The Mutual will relish the opportunity to work closely with Councillors as elected champions of their communities; this will be built into the governance model of the Mutual.
8. The Mutual will be an exemplar in new approaches to the governance of local authority services, there is already a growing network of Library Services delivered under as similar social enterprises eg. York City, Devon, Nottinghamshire and Suffolk Libraries. Such enterprises are already learning from each other's experiences; they are already better equipped to share, learn and harness new ideas and innovations.
9. As a charitable organisation the Mutual will encourage Philanthropy, attracting investment and gift aid and be eligible to a wide range of grant funding.
10. BCLM will assist with the development of other SME's, social enterprises therefore increasing employment, economy and social benefit to Birmingham. This will embrace the Birmingham Business Charter for Social Responsibility .The Charter is a set of guiding principles which the Mutual will look to adopt.

Service Delivery Programme

This document is an illustration of roll out of services over the next three years...

Service Development Programme	Year 1 (As now)	Year 2	Year 3
Walk-in services	<p>Walk-in library membership give free access to –</p> <ul style="list-style-type: none"> ○ Books and audio to borrow ○ Information and enquiry service ○ Children’s activities ○ Programmes to support adult literacy ○ Assistance with use of online facilities ((e.g. access to gov.uk services) ○ Access to personal email address ○ Computing courses ○ Family history and local studies ○ Genealogy workshops ○ Books on Prescription 	<p>Innovation Libraries</p> <ul style="list-style-type: none"> • Hot Desking • Printing services • Networking • Business address • Digital literacy and information management <p>Inspiration Libraries</p> <ul style="list-style-type: none"> • CV writing • Job applications • Interview preparation • Access to Emails • Assistance with Benefit 	<p>Innovation Libraries</p> <ul style="list-style-type: none"> • Make a space (Fab labs) • 3D / wireless printers • Surface / Touch screen technology • Tablets to borrow • Conference facilities (Skype) • Commercial sponsorship <p>Inspiration Libraries</p> <ul style="list-style-type: none"> • Online Training programmes • Career advice • Partnership / co-location with Employment services

	<ul style="list-style-type: none"> ○ Summer reading challenge ○ Self-service technology 	<p>applications</p> <ul style="list-style-type: none"> • Verification officers • Health Xchange programmes <p>Imagination Libraries</p> <ul style="list-style-type: none"> • Reader development • Storytelling and Performance • Print Literacy Programmes • Young Poet Laureate • Parents advice on children's reading 	<ul style="list-style-type: none"> • Reading cafes • Apprenticeship programme <p>Imagination Libraries</p> <ul style="list-style-type: none"> • Partnership with the Black Country Library Consortium. • Birmingham Book Festival events • Advisory service for Schools (Library design, literacy programmes, publishing) • Annual Poetry slam • Wallpaper technology • Local study centres/cafe
Outreach programme		<p>Innovation Libraries</p> <ul style="list-style-type: none"> • Workshops on Business skills e.g social enterprise, marketing, finance. <p>Inspiration Libraries</p> <ul style="list-style-type: none"> • Jobs and Skills roadshow <p>Imagination Libraries</p> <ul style="list-style-type: none"> • Children's book festival • Work with people in residential care • Walking book clubs 	<p>Innovation Libraries</p> <ul style="list-style-type: none"> • Pop-up Libraries <p>Inspiration Libraries</p> <ul style="list-style-type: none"> • Pop-up libraries <p>Imagination Libraries</p> <ul style="list-style-type: none"> • Work with young people in care / looked after children • Pop-up Libraries
Remote online	<ul style="list-style-type: none"> ○ Access to information and reserved use 	Innovation Libraries	Innovation Libraries

services	<ul style="list-style-type: none"> of library resources ○ Live 'chat' enquiry service with trained information workers ○ Access to digitised archives ○ Online learning programmes 	<ul style="list-style-type: none"> • Business advice <p>Inspiration Libraries</p> <ul style="list-style-type: none"> • English Language Course <p>Imagination Libraries</p> <ul style="list-style-type: none"> • Reader Development programme 	<ul style="list-style-type: none"> • Community Database • Community Libraries app <p>Imagination Libraries</p> <ul style="list-style-type: none"> • Children's party bookings • QR codes reservation service
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2. Council Plan Priority Outcomes - BCLM will:

- **Operate** in a close and beneficial partnership with the City Council, and the Library of Birmingham through a SLA. BCLM will work through its network of local Libraries to build genuine local partnership with citizens and their diverse communities. Local people will help re-design Library Services to best meet local needs. The Library will be an engine for the improvement and development of local individuals and the communities in which they live. The Community Libraries will be seen as integral parts of the local community
- **Encourage** civic entrepreneurialism and will stimulate jobs and growth within Birmingham's diverse communities through our Inspiration value. BCLM's services and philosophy are closely aligned to the City Council Plan Priority Outcomes. We will have a significant focus on giving people local access to information, advice and learning related to skills, qualifications and finding employment, access points for health and well-being information.
- **Form** new dynamic local partnerships with Social Enterprises, Businesses, Community Groups and others to develop new ways to provide Library services. Our vision of local partnerships will enable citizens, voluntary organisations, social enterprises, faith groups, statutory agencies and businesses to be able to co-produce new ways of providing services.

- **Access** to the digital economy. Digitally excluded households are estimated to be losing £560 per year from not shopping and paying bills online, BCLM will expand and develop its digital offer so that it provides access for all who need it. We will improve the current provision of free internet access as well as attracting new money to develop its services through for example mobile phones and tablets.
- **Encourage engagement in local democracy through participation** in its governance structure. By adopting a mutual approach BCLM will encourage people to become active members of the organisation and get involved in its democratic governance processes. This experience will add value to the services existing work to provide citizens with information about local democracy and how to become engaged in it. In this way we aim to increase participation in local democracy and give people more say in the decisions that affect their lives. Details of our approach to community engagement and local partnership making can be found on pages 58 of the Business Plan
- **Support** the City Council's strategy of supporting "new public service providers, including voluntary and community organisations and social enterprise".
- **Support** and help young people to find out about careers and employment. We will build on this record and develop partnerships with careers advice, colleges, universities, businesses and other enterprises to ensure that young people are able to make the transition into work. details of our plans in this area are found on page 25 of the Business Plan.

3. Strategic and Operational Management Requirements

BCLM will meet or exceed the core requirements set out by the City Council. In return BCLM will need a commitment from the Council to provide Grant Aid to the same level as the planned operational budget for the next five years, along with an appropriate level of overhead to enable the new organisation to operate. The overhead already exists but does not appear in the BCC Community Library budget. In any comparison of the costs of BCLM versus an in-house service the overhead must be compared on a fair basis. We have estimated a fair overhead based on figures for similar organisations (including York Libraries).

We itemise the Council's requirements in the section that follows together with a short summary response and references to more detailed information in the Business Plan and appendices. It is a requirement that building risks will be identified through a condition survey. If the survey identifies risks and hazards, then the Mutual should be free to find alternative accommodation arrangements. Also at handover we are assuming that all Libraries will be fit for purpose.

BCLM will work with BCC to agree a process through transition to mobilisation. This will also include agreeing lines of communication to include operational level data e.g.

- Number of Visits
- Number of Issues
- IT usage
- HR implications
- Cleanliness of sites
- Health and Safety including risk assessment procedure
- Policy
- Workforce Learning and Development Plan
- Schedule of building maintenance and statutory testing

- 3.1 BCLM intends to adopt the wider current BCC HR policies to ensure staff are properly managed. It will review these policies as it begins to operate and adapt or improve them as required to fit the culture of the new Mutual. BCLM would welcome the opportunity to engage with employees and the trade unions to capture their vision for the future service.

During the transition phase (assuming the service transfer is approved by Cabinet), the employer BCC, has a duty to inform and consult with affected employees (usually through the Union or Staff Rrep).

- 3.2 BCLM will develop and maintain a corporate risk log, during transition but also a rolling programme which will identify potential risks as well as actions to be undertaken in order to mitigate those risks. It will also identify the risk owner. The reports will be regularly supplied to our Board. See BCLM risk register – Appendix 1
- 3.3 We are determined to continue to deliver high quality services that meet the needs and requirements of Birmingham residents. There will be a rigorous reporting and monitoring process to ensure the SLA is met. In the transition period, a detailed SLA would be drawn up in partnership with BCC. Regular reports, an annual service plan which reflects District priorities, Key operational information including number of items loaned, number of members, IT usage, and would go direct to the Service Director for Place and the Cabinet Member. BCLM will also capture outcomes through our 3 core values.
- 3.4 Stock standards will continue to be managed around stock, being no older than 10 years old, also capturing the number of loans per issue, percentage of stock on loan, stock turnover and a diverse shelf choice appropriate to Birmingham's needs. We will continue to use suppliers that catalogue to AACR2. The Mutual would remain a member of the central buying consortium through the Lob.

- 3.5 The new Mutual will establish its own transparent quality assurance process, so that its members and stakeholders can fully engage with ensuring that its services and operations are of the highest quality. We aim to apply for quality standards such as Customer Service Excellence, IIP and the Matrix, to better prove the high standards to which we work. Following accepted quality management principles, we will develop this work in the transition stage.
- 3.6 During the transition phase we will also develop a Service Level Agreement (SLA) with the Library of Birmingham to define and document how we will work together in the future.
- 3.7 BCLM will ensure Health & Safety, cleaning schedules and building maintenance is delivered in line with current BCC policy, including undertaking risk assessments and annual maintenance of buildings.

4. Fulfilling the Core Requirements

4.1 Diversity

BCLM will ensure that it serves all the people of Birmingham by:

- Maintaining 35 libraries or local access hubs across the city, and ensuring they are open at times that best meet the diverse needs of the public
- Pursuing and active outreach approach to excluded and underrepresented groups
- Actively encouraging diversity in its own governance and operations
- Providing, with partners a local focus on relevant information, learning, skill development and activities which lead to measurable impact in respect of social, economic or cultural benefit.
- Work closely with the Library of Birmingham as a key strategic partner.
- Maintain record keeping and quality systems which enable the impact of its services on the diverse communities it serves to be accurately assessed.

For more detail see page 39 of the Business Plan

4.2 Children and Young People

- Inspire learning, literacy and access to information, knowledge and opportunities.
- Delivering high quality, innovative and creative storytelling sessions. This will improve literacy, confident listening, speech and language and an enjoyment of reading for pleasure.
- Deliver focussed work with primary schools aimed at raising literacy attainment levels.
- Support families with their needs and focussing on offering personalised learning opportunities.
- Provide access to a wide range of learning opportunities for adults, children and young people including support for homework at all Libraries

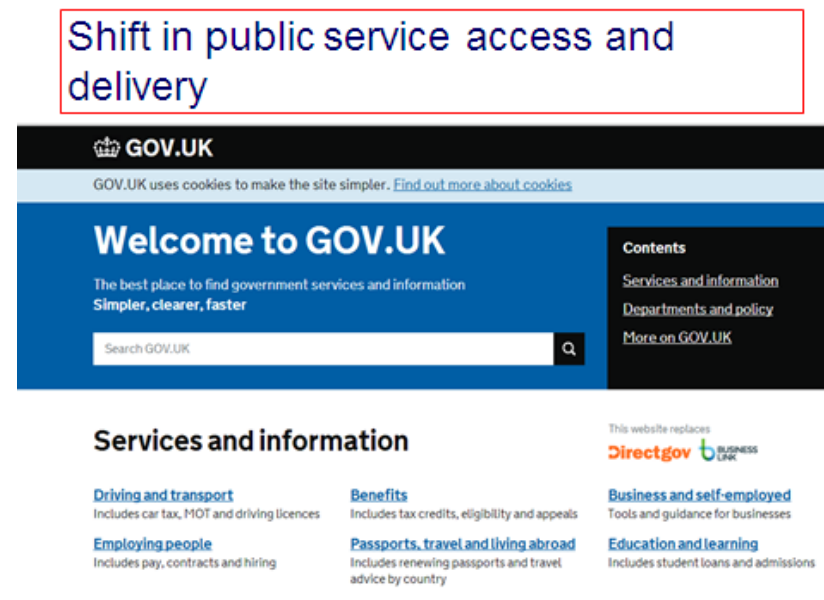
4.3 Library Lending Services

- Provide a wide range of reading material for free loan to adults, children and young people in a variety of accessible formats and community languages
- Provide access to a comprehensive range of subject reference resources
- Provide books, newspapers and magazines which reflect the cultural and ethnic diversity of local communities
- All libraries will offer access for adults, children and young people to a range of reading material including
 - Classic and contemporary fiction
 - Bestsellers
 - New and emerging authors
 - Writing short-listed for established national prizes
 - Information books to support leisure and personal interest
- Provide a range of reader development activities and experiences for all ages.

- Promote and enable reading, learning and the sharing of knowledge through free access to book borrowing, electronic and other information services
- Provide reading materials in a variety of formats incl. print, large print, books on CD, downloadable e-books.

4.4 Information, Reference, Referral and Support Services

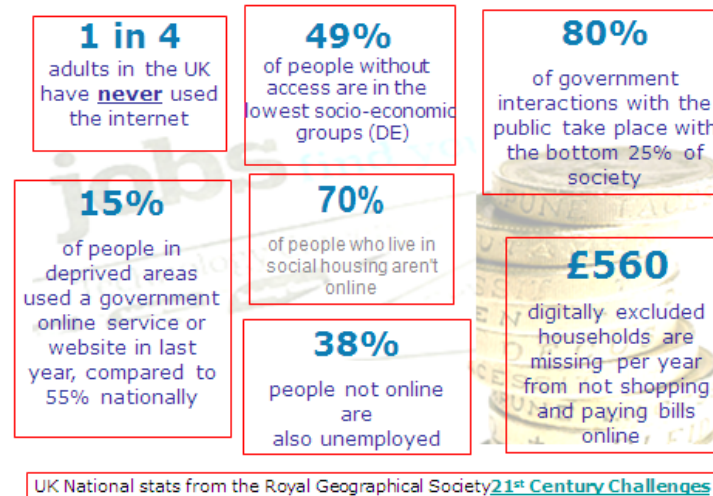
- Provide access to information services in person, by telephone, letter, fax, e-mail or via the Internet
- Provide impartial and confidential information and will refer you to a trustworthy source where necessary
- Provide access to a comprehensive range of subject reference resources
- BCLM will provide information which is current and accurate. Relevant advice will be impartial and confidential. Where we cannot provide an answer we will refer to an alternative source of help



4.5 Digital Technologies

There is a growing risk of a real digital divide in society with 1 in 4 adults in Great Britain who do not or cannot use the internet (Source: Ipsos MORI) and Libraries are key to enable access and assistance to all in the use of digital technologies. Libraries are essential to the learning, reading literacy, information literacy and cultural development of people of all ages. The Mutual through its core value Inspiration will support the development of digital skills. See page 24 of the Business Plan.

- Provide access to the Internet
- Support and promote peoples engagement with digital information and resources
- Encourage & Support the IT skills development of local people



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5. Core service entitlements

- **BCLM** will adopt all of the current BCC Library policies ensuring
- **Patrons** can borrow up to 10 books and talking books for up to 4 weeks.
- **Library members** will be able to borrow and return books and Talking Books from any BCLM Library.
- **Reservations** can be placed for any title held by BCLM via the online catalogue.

BCLM will adopt all the core service entitlements as detailed in the core delivery requirements document, seeking to improve on existing good practice.

Ownership / Membership

The creation of a user and staff led Mutual represents an opportunity not just to maintain the Community Library Service across communities in Birmingham, but to provide a strategic partner for Birmingham City Council as it seeks to be of service to a diverse population. In particular, worklessness is a pressing issue for Birmingham, with many of adults lacking skills and locked out of new jobs that the city's businesses are creating. The drive to be at the centre of the regional economy requires more powerful community engagement if we are to ensure that regeneration takes place beyond the physical transformation of the city centre.

The Mutual intends to offer a mixed ownership model that engages the community, and Library staff. If the Mutual progresses it is likely to adopt a form of social enterprise with exempt charity status as the legal form.

Staff will be able to opt out if they do not wish to become a member of the society, whereas the Community (Library members) will need to opt in. *(Note: Membership of the society would be separate to membership of the Library, which would remain free of charge. People would have the choice of belonging to just the library or to the society as well).*

Membership will be open to anyone over the age of 16 who support the objects of the society and each member will hold 1 share in the society.

The Mutual will have a board of Directors who will be responsible for the governance of the society. This board will bring together a range of skills and experience through election from members, representation of key stakeholders and the co-option of specialists.

Key user groups will have a voice / influence on the running of the Mutual. In particular how young people and those with disabilities could contribute to the organisation in a meaningful and practical way. It is proposed 10 Advisory Groups are established as part of the Mutuals governance.



Distribution of surpluses

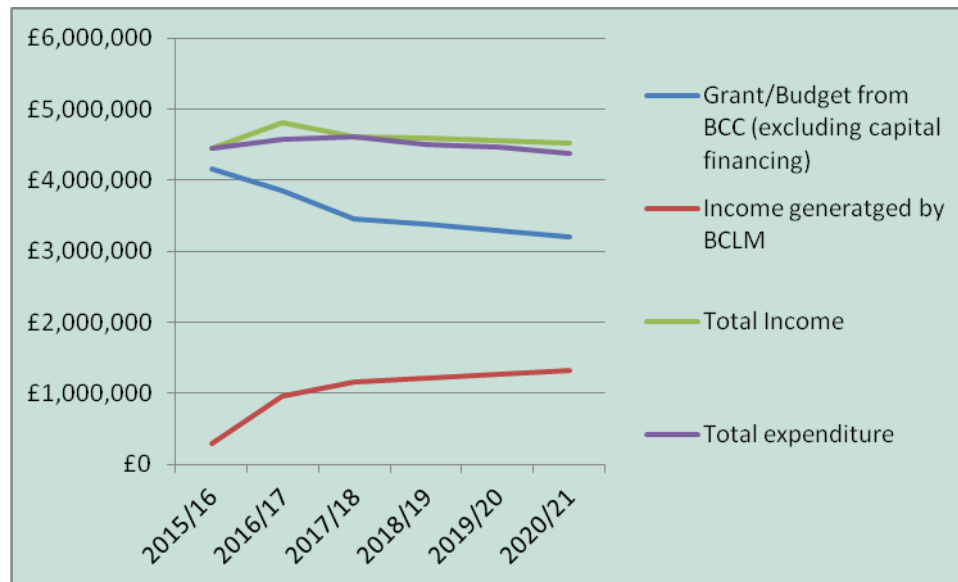
As a charitable community benefit society any surpluses we have must be invested back into the service to offer enhanced service offerings to our customers. Through the democratic structure of the Mutual members will have a direct say in how surpluses are used. Current thinking is that staff will have the opportunity to vote on a number of options for use of some surpluses.

5. Financing the Mutual

We have developed a five year income and expenditure plan for the new Mutual as a core part of the Business Plan. See Appendix 2.

Our prudent financial projection (the mid-range projection between optimistic and pessimistic) shows the mutual to be:

- A viable enterprise, able to return a small surplus year on year.
- Able to deliver savings to the Council of £1.865million over the first three years of its operations, and a further saving of £420,000 over the subsequent three years.
- Able to support the current staff complement.
- Able to attract new income of over £3 million over its first five years of full operations.
- Able to manage its cash flow and needs for working capital, in partnership with the Council.
- All staff paid at least the living wage.



The chart above shows how the new Mutual will generate new income to compensate for a steady decline in core grant from BCC. The figures behind this chart are given in Appendix 2

Financial Benefits

The fundamental financial benefit to BCC in transferring the Community Library Service to the staff led Mutual is the achievement of the identified **£1.865k budget saving** without the closure of any Libraries. This amounts to a 37% budget reduction (before overheads). The new delivery model allows the service to offset the budget reduction through the development of innovative revenue generating services and all without the prospect of future Library closures.

Planning Assumptions

The development of the business plan and financial model for the project to transfer Community Library service to the Mutual is predicated upon a number of assumptions in various areas.

The assumptions in this section are intended to give a high level overview of the headline points that impact the business plan as a whole:

- **Funding** – Birmingham Community Library Mutual to be funded by Birmingham City Council for the provision of the Community Library Service for a minimum five year commitment for the period 2016-2021. The quantification is reflective of the current service budget, factoring in all identified savings. This will allow the Mutual to drive a robust growth strategy to deliver increased income.
- **Staff** – All staff employed by the service at the point of spin-out will transfer to the staff led Mutual on identical terms and conditions to those enjoyed within BCC.
- Staff will **retain** membership of the LGPS, on identical terms, through the gaining of admitted body status (agreed in principle).
- **Assets** – Operational assets will transfer in ownership from BCC to the staff led Mutual, where legally practicable.
- **Liabilities** – BCC will underwrite the redundancy costs for the first 3 years of the Mutual. From then on the Mutual will bear the contingent liability of any redundancies that occur as a result of any decisions taken by management independently of BCC. BCC will remain liable for any accrued pension deficit. However, and depending upon the output from the actuarial assessment, the Mutual will fund pension contributions up to the current level in relation to transferring staff.

Should the LGPS require that a bond be put in place, to indemnify against the position where the Mutual cannot meet its pension contribution requirements, a negotiation will take place (factoring the cost of any bond) between BCC and the Mutual as to which party will meet that cost.

- **Property** – The service will continue to operate from the sites currently occupied, however we understand that Aston Library lease is due to expire during 2015. The Mutual will be looking to secure long term leases on some properties and a peppercorn rent on all leases, but will require the flexibility to find alternative accommodation where needed.
- **Support services** – Birmingham Community Library Mutual will receive funding for support services at the current budget level. In year one, such services will be purchased in full and at current costs from BCC. During year one, the Mutual will define the services it wishes to continue to purchase (based on business needs) and BCC will produce a quote on this basis. The Mutual will continue to receive a budget from BCC for support services, however if it is favourable for the Mutual to purchase its support services from elsewhere it will be free to do so.
- **Reporting** - Whilst Birmingham Community Library Mutual would operate independently to the Council, it is recognised that a strong partnership is to be essential, particularly with regard, to carrying out the Council's statutory responsibility to deliver the Community Library Service. The Council would maintain a proactive commissioning role based around a shared vision. A SLA will be developed in the transition phase which will underpin the agreed objectives and performance monitoring. This would be agreed by the Service Director for the Place Directorate. The staff led Mutual would welcome Councillor Involvement through the Mutual's governance arrangements.

HR implications

Our vision for BCLM has staff at its heart – as co-owners and the main drivers of the enterprise. We have drawn up detailed HR plans through which we are confident we can sustain 35 community libraries for the next five years and beyond. The plans also take account of supply cover for annual leave and sickness, training and development of staff and the development of an enhanced role for volunteers.

Use of volunteers

BCLM will make greater use of keen and skilled volunteers to enable it to provide new types of library services. There is a long and successful history of volunteer involvement in Public Libraries and the Mutual will take this forward into our new vision for Community Libraries. We are aware that some staff may be concerned with the use of volunteers alongside professional Library staff. The Mutual is committed to having professional staff in all Libraries; volunteers should not be seen as replacing Library staff merely assisting to ensure that a comprehensive Library Service can be delivered. The Mutual is committed to keeping paid staff in Libraries, we do not believe that volunteers alone have the capacity, expertise or will, to deliver the learning vision we have set out for the staff led Mutual.

Staffing

Our plan is to sustain a working core of professional staff of around 100 people, for the next five years. The Mutual will ensure that professional Library staff are employed in every service area. All Community Library staff employed by BCC at point of transfer will transfer to BCLM.

TUPE

The Mutual will accept all Community Library staff through TUPE transfer, on identical terms and conditions (including any collective agreements) as were in place within the Council. BCLM will look to BCC to provide indemnities to all related liabilities prior to transfer.

Pensions and admitted body status

An initial approach has been made to West Midlands Pension fund and it is anticipated that the Mutual will be granted admitted body status. The Mutual will fund pension contributions up to the current level in relation to transferring staff.

BCLM need to explore with BCC what support to the Mutual the council could provide, to include provision of guarantee by BCC for BCLM's admission to the LGPS.

Workforce related liabilities

Due to the budget savings required in 2015/16 we anticipate that a BCC VR exercise will take place prior to the establishment of the Mutual which if this is the preferred option will commence in April 2016. The financial model and business plan do not envisage any future redundancies over the 5 year period; no such costs have been included in the financial model.

Equal Pay

All existing and future equal pay claims relating to BCC employment will remain the liability of BCC. BCLM will need to establish the equal pay status of all staff prior to any transfer.

Existing re-grading claims

Re-grading claims relating to employment with BCC will remain the responsibility of BCC. If successful re-grading claims are awarded after the formation of the Mutual, it is anticipated that the grant to the Mutual would be amended to reflect the additional salary cost.

Two tier workforce

Staff turnover at Community Libraries is very low. Indeed, measures such as closing the pension scheme to new entrants can add additional costs initially (pensions actuaries can assess this as a higher risk and thus set a higher employer contribution rate).

Therefore, given that the length of time before any benefit can be gained and the disadvantages set out above of two tier workforce, we have concluded that we will maintain staff terms and conditions for all staff under a one tier structure.

Training and Development

The Mutual has identified a budget for continuous professional development. It is recognised that continual training will need to be provided to keep our staff skill's set up to date and current, especially around new technologies. The aim of the Mutual is to grow our team's expertise and unlock innovation we aim to encourage progression through the organisation and ensure succession planning.

Tax and VAT

The corporation tax position of a Mutual is dependent upon the legal structure of the business and how much of the savings accrue to the business rather than the Council. This will be examined further at the next stage, and is not included in this analysis. *Below is initial advice from Janet Morrill from PWC.*

With regard to VAT, the position of a Mutual is different to the Council. If a grant funding model is used as intended by the Council, then careful consideration of the arrangements will be needed to ensure that the Mutual can recover input VAT. However, we have assumed that a route is found, such that there is no loss of VAT. The Mutual will be charitable and therefore will have favourable conditions for reclaiming cooperation tax through its core activities. It will also be able to attract gift aid.

1) Provision of grant funding by BCC to Mutual to deliver Community Library Services

Where grant funding is given with no conditions attached, then the payment is not consideration for a supply and will be outside the scope of VAT. However, if BCC imposes conditions upon the Mutual, any payments made by BCC to the Mutual may be seen as consideration for the Mutual agreeing to take over the provision of Community Library services under the conditions imposed by BCC. Such payments made by BCC would be subject to VAT. We understand that the preferred arrangement is for the grant funding to be provided with no conditions attached; however, this should be confirmed as this will affect the VAT treatment of the payments made to the Mutual and the Mutual's VAT recovery position.

The loan of Library material e.g. books, free of charge is a non-business activity and as such, the Mutual will not be entitled to reclaim any VAT incurred on its cost of providing such services. Although books are zero-rated, other running costs e.g. gas and electricity, will attract VAT which may not be recoverable by the Mutual and therefore will give rise to an irrecoverable VAT cost. The Mutual would also suffer a VAT cost if it has any exempt activities, e.g. room hire, as outlined above.

As the Mutual will not have the same VAT status as BCC, its partial exemption de minimis limit will be £7,500 per annum (equivalent to expenditure on exempt activities of £37,500 per annum). Therefore, the Mutual may have to restrict its VAT recovery on running costs and any other relevant expenditure if it has any exempt activities. Furthermore, if the Mutual has free and exempt activities, it will be required to undertake a business/non business VAT recovery calculation followed by a partial exemption calculation every time it completes a VAT return.

With regard to BCC's VAT position, we understand that BCC's vatable costs in relation to Library Services equate to approximately £500,000 per annum (£100,000 VAT). Under a grant arrangement, if the Mutual cannot reclaim VAT on its costs, BCC may be required to fund the Mutual's irrecoverable VAT within the grant payable to the Mutual. This would result in a cost to BCC as it will lose its VAT recovery on costs relating to Community Libraries, whilst being required to grant fund the Mutual's irrecoverable VAT. The loss of VAT recovery for BCC is not significant for BCC (circa £100,000 out of £160m total annual VAT recovery for BCC) but grant funding of the Mutual's irrecoverable VAT will be a cost to BCC. So, a grant funding arrangement will have a VAT cost for both BCC and the Mutual.

6. Conclusion

Future Outlook

A Library service without a vision is a Library Service without a future. BCLM has a clear and strong vision built around our 3 core values, Inspiration, Imagination and Innovation.

BCLM aims to change the public's expectations of their Libraries from a public service (provided to them by others) to services for the public co – owned and co-produced by them. This is the only way in which the great tradition of public Community Libraries will be able to adapt and change to meet the social and technological challenges of the coming years.

By working in a wholly new way with its staff, communities and stakeholders, BCLM will

- **Develop a new balance of funding** with a growing proportion of income coming from a diverse range of new sources, so that the dependency on the council grant will gradually reduce. Our plan includes sustainable development of a wide range of new income sources from service-specific community fees to attracting donations from the public or grants from major donors. There are also opportunities for shared or multi-purpose spaces to generate additional income streams.
- **Develop and use new skills:** Development of our staff is of paramount importance to the Mutual. We will ensure that staff are equipped with the skills for the future. The Mutual will develop and train its staff, to develop their skills in areas including community engagement, using digital technology, communications and marketing, advocacy and audience development, managing volunteers.
- **Develop the brand: BCLM will tell the story of Community Libraries so that the public really know and understand the offer.** Libraries offer a great deal more than books to borrow, but too few people know this. Libraries of the future must achieve a step-change in how they communicate their offer. They need to adopt more distinctive definitions of their purpose we will do this based around our core values Inspiration, Imagination Innovation under the umbrella of Inclusion.

- **Work with Marketing** Birmingham to develop a unique Birmingham brand that encompasses the ethos of the City. It will be a service of the communities and for the communities of Birmingham.
- **Revisit the services on offer to encompass current social and economic trends.** BCLM will provide social spaces, wider cultural offers, sustainable buildings, entrepreneurial partnerships, etc.
- **Develop joined-up services:** BCLM Libraries, as focal points of their communities, offering a wider range of activities and services, including access to other council services. They are becoming the de facto access point to Gov.UK services for people in need of support to reach national public provision. Other key public services include the NHS and Job Centre Plus.
- **By Year 3 new approaches and innovations** will be manifest in such ways as
 - A community libraries App for personalised services for readers and information seekers
 - Reader development to support mental well-being through reminiscence sessions and books on prescription
 - Makerspaces, Fab-labs and wireless printing
 - New skype and conferencing facilities
 - Partnership with employment services and health providers
 - Support and advice for schools
 - In-library self-service, reading cafes
 - Dedicated local studies centres
 - A new joined up Library Management System e.g. Black Country Consortium

Evidence of support for the mutual

The Mutual leadership team has begun to build a powerful supporter base for the new mutual. This includes some staff, users, members of the public, councillors, and MPs. A Mutual website has been developed and weekly staff communications are issued to all Community Library staff. Further communication needs to be undertaken with all staff if BCC decides to progress with the Mutual.

Letters of support have been received from : see Appendix 3

HSBC	Improvement & Efficiency West Midlands (IEWM)	Brian Gambles	Health Xchange
Explore Libraries York	J and M Fletcher	H and D Whiting	Suffolk Libraries
RAWM Regional Action West Midlands	Sutton Coldfield Local History Group	Social Enterprise UK	John Dolan OBE
John Hunt Associates	Cllr Marje Bridle	My Time Active	Co-operative Futures
Midland Heart	Locality	Shard End Communities	Welcome Change Charity
BVSC	Social Enterprise West Midlands	Willmott Dixon	