

**Committee and Date:**

Cabinet

11<sup>th</sup> September 2024

Item

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## Future Options for Shropshire Schools Library Service

**Responsible Officer:**

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**Cabinet Member (Portfolio Holder):**

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### 1. Synopsis

- 1.1 This report considers the future of the Schools Library Service, responding to the outcome of the schools and public consultations.
- 1.2 The Schools Library Service is a long-established service offering a library service to Shropshire schools. It is a fully traded service that has a Service Level Agreement (SLA) with schools. There are a small number of schools from outside Shropshire who also subscribe to the library service.
- 1.3 Provision of a School Library Service is not a mandatory duty that the Council must provide under statute: schools themselves, rather than the Council, have a duty to provide library resources as part of their curriculum offer. As a result, a number of other Councils have ceased their equivalent provision. These include Birmingham, Herefordshire, Powys, Sandwell, Solihull, Staffordshire, Stoke and Wrexham.

### 2. Executive Summary

- 2.1 This report sets out the feedback from the consultations, options identified and recommendations related to the future of the Schools Library Service.

- 2.2 The Schools Library Service (“the Service”) contributes to the Healthy People strand of the Shropshire Plan, enhancing the education of children and young people across the county.
- 2.3 The Service is fully traded with details of the Service Level Agreement with schools available at <https://shropshirelg.net/leadership-management-and-administration/service-level-agreements-2023-24/>. Core services include:
- Topic loans
  - Artefact loans
  - Reading set loans
  - Bulk loan of fiction for the school library to enhance choice
  - Door to door delivery and collection service
  - Professional advice and support
  - Access to cost-effective online e-resources
  - Advice on library refurbishment, resources and policy development
  - Assessment of stock and advice on book purchase
  - Training of school library staff and pupil librarians
  - Promoting schools reading for pleasure strategy
  - Key stage appropriate book quiz designed to enhance reading for pleasure
- 2.4 The Service made a trading loss in 2022/3 with the loss being covered by Council reserves. In 2023/24, the Service ended the financial year on a further trading loss, with a deficit of £58,815. Due to the financial position faced by Shropshire Council, there are no further Council reserves available to underwrite future losses for traded services. The Service is forecast to return an in-year deficit in 2024/5, which is forecast to be in the range of previous years and further exacerbated by reduced buy-in from schools during the first two terms of this financial year. The Service also faces increasing cost pressures (e.g. fuel, transport lease, salary costs, premises costs).
- 2.5 At the Cabinet meeting on the 17<sup>th</sup> April 2024, it was decided to launch a consultation regarding the future of the Service.
- 2.6 Public and school consultations sought feedback on a range of factors impacting the viability of the Service, alongside outlining potential increased costs and requesting views on the impact of closure of the Service. These closed on 7<sup>th</sup> June 2024. The surveys received 151 public responses and 57 school responded. Full reports are attached in appendices A and B respectively.
- 2.7 Of the 57 schools that responded, 79% were current subscribers to the Service. The survey highlighted that the most valued resources offered by the Service were topic loans, artefact loans and reading set loans.
- 2.8 69% of the schools that responded to specific questions regarding proposed increased costs indicated they would be willing to pay more to keep the Service. Illustrative subscription increases were proposed. The report (appendix B) summarises the budgetary pressures experienced by schools and responses indicate an acceptable price rise would be in the region of 10-20%.

- 2.9 The public response to the consultation highlighted the value of the Service to schools and communities. As with the school responses, most respondents felt that a blanket 40% price increase on subscription costs would be unacceptable.
- 2.10 The Service currently operates on a subscription basis with the current subscription model resulting in over 12 potential pricing structures. The current pricing structure was developed some time ago and it is timely to bring that up to date with schools' current requirements and to better reflect wider trading conditions. All current subscriptions are due to end on 31<sup>st</sup> December 2024.
- 2.11 Buy-in from schools for 2024/25 is significantly lower than in previous years. It is likely this has been impacted by the limited term offer whilst the future of the Service is considered.
- 2.12 Several ways to reduce the costs associated with delivering the Service (premises, vehicle and staffing) have been explored, with details outlined in section 4 and appendix E.

## **Options**

### **Option 1: Closure of Service**

- 2.13 Redundancy costs relating to option 1 total £98,708.74 (calculated to 31<sup>st</sup> March 2025). These can be capitalised.
- 2.14 Current school SLAs cease on 31<sup>st</sup> December 2024 which should not incur any refunds. The Service will need to continue in some form beyond this date in order to reconcile stock and organise returns from schools. Therefore, this option would likely come into effect at the end of the financial year, further increasing the in-year deficit.
- 2.15 Benefits of option 1:
- All future losses are minimised/removed.
  - Removal of the Service allows the Council to focus on statutory functions.
  - Reduction in carbon footprint.
- 2.16 Costs of option 1:
- Reputational damage to the Council, including erosion of relationship with key stakeholders as illustrated by the consultation outcome.
  - Children across the county and beyond may not have access to a wide range of affordable reading materials to support the curriculum.
  - An in-year deficit will still be generated and will need to be addressed as outlined in section 6.
- 2.17 Additional operational detail can be found in Appendix E.

### **Option 2: Relaunch/Restructure of Service**

- 2.18 Initial conversations have been held with a small number of stakeholders (headteachers) prior to the summer recess. Feedback indicates that schools would appreciate a revised offer which retains the most valued aspects of the Service, alongside a new offer which adds further value to the curriculum. Clear packages will be offered to allow schools to buy into the Service on a 'pay as you go' basis.

2.19 The new tariff would be launched via a brochure and a streamlined online ordering facility. Subject expertise would be utilised to issue a termly video newsletter advising schools on recommended reading and their Reading for Pleasure strategy. An example of the enhanced offer can be found in Appendix C.

2.20 Benefits of option 2:

- Maintains the most valued elements of the Service for all children in Shropshire and beyond to access,
- Responds directly to the feedback received in the school and public consultations,
- Offers a range of options and purchasing methods which may be more affordable to schools,
- Schools would be offered an annual brochure (as per other traded services) which outlines the full package and allows for flexibility and transparency in budgeting,
- Encourages an inclusive approach to the curriculum which celebrates culture and diversity through the Artefact offers,
- Allows for some in-year cost savings to be made e.g. premises/storage hire, alternative vehicle hire, reduction in delivery service,
- Reduction in carbon footprint relating to vehicle/premises use.

2.21 Costs of option 2:

- Potential for limited school buy-in: schools have already set their budgets for 2024/25 and may not be able to afford increased or alternative buy-in, thus further increasing the Service's deficit,
- Current internal recharges may remain which would also increase deficit due to current premises and additional premises cost,
- An in-year deficit will still be generated and will need to be addressed as outlined in section 6.

2.22 Additional operational detail can be found in Appendix E.

### **Option 3: Reduction of Service**

2.23 This option would implement all the elements of option 2 but would further reduce current staffing costs by moving to a four-day per week Service. In addition to the in-year savings that could be made through premises hire and vehicle use, staffing costs could be reduced to allow for a further reduction in the projected deficit (see Appendix E for detail.) This would reduce the establishment costs by approximately £25-31k per annum.

2.24 Benefits of option 3:

- As option 2 but with additional staff cost savings thus increasing surplus where possible.

2.25 Costs of option 3:

- As option 2 but with the potential of schools noticing the reduction in Service further negatively impacting buy-in.

## **Option 4: Outsourcing or subsuming the Service**

- 2.26 There is no option to outsource the Service as it currently stands. There is the potential for elements of the Service to be subsumed into other areas of the Council, for example, artefact loan and the artefact plus packages could be co-ordinated by the museums and/or music service (see [Nottinghamshire Music Hub](#) as an example). This option would involve retaining all artefact boxes, along with an artefact plus offer. One member of staff would need to be retained to conduct this work and one smaller storage space would need to be sourced. Appendix E outlines figures predicated on an existing traded Council service subsuming the artefact offer.
- 2.27 Benefits of option 4:
- Some elements of the Service could be retained,
  - Potential to sell stock that will no longer be used.
- 2.28 Costs of option 4:
- Schools lose access to the experience and expertise of trained librarians, along with loss of access to valuable elements of the offer e.g. topic collections,
  - Other services may still require additional storage space and operational staff, placing further burden on their budgets.
  - This option presents a significant risk to other traded services whose income/reserves would be ringfenced to cover the prescribed activity only and not underwrite any potential Service deficit.

## **Summary**

- 2.29 Options 2, 3 and 4 allow for further potential to secure external funding to allow the Service to continue, through exploring – for example – establishing a charitable arm to facilitate bidding for Arts Council/National Lottery grants. For example, an initial grant of £30,000 would enable the Service to revise and replenish its artefact stock in such a way that would increase its value to schools (for example, informational QR codes on each artefact would encourage schools/children and young people to curate their own exhibitions). This could be initiated as a pilot project with a small number of schools, moving to a larger bid of around £100,000 to offer to more schools in year two. It should be noted however that such grants have a 40% applicant success rate.
- 2.30 All of the above options will not significantly address or remove the in-year deficit which has been exacerbated by reduced school buy-in. However, should school buy-in achieve 2023/24 levels on the new tariff then the Service would be financially viable. The options in this report are presented with a view to reducing a projected deficit and securing the future of the Service. Without further action, the deficit is likely to be the same or greater than that accrued in 2023/24.
- 2.31 It is the duty of the Council to be financially viable and prioritise the provision of statutory services. Therefore, traded services must be cost-neutral to avoid exacerbating the unprecedented financial position as budgeted for with the Medium Term Financial Strategy approved by Council on 29 February 2024 and detailed in our monitoring position presented to Cabinet on a monthly basis.

### 3 Recommendations

That Cabinet:

- 3.1 Approve the implementation of option 2 (restructure/relaunch and relocation of the Service).
- 3.2 Delegate the detailed implementation of the agreed actions to the Assistant Director for Education and Achievement, in consultation with the Portfolio Holder for Children and Education. This should include the exploration of appropriate grant funding opportunities that would allow for additional development of the artefact offer with a view to further enhancing the cultural experiences of children and young people in Shropshire. This may include establishing a charitable arm of the Service.
- 3.3 Note that school buy-in will be closely monitored by the Assistant Director for Education and Achievement to inform whether school buy-in is sufficient to enable the Service to be cost-neutral from 25/26 onwards. If it is determined that further action is required to enable the Service to be cost-neutral from 25/26, this may include exploring implementation of option 3, or if necessary, option 1. Should option 1 need to be considered, a report to Cabinet will be drafted setting out the position before any decision is made.

## Report

### 4 Background and Context

- 4.1 The total forecast salary cost for 2024/25 is £124,920. Some in-year cost savings could be made through a reduction in Service, with business operating hours reduced to four days per week and the delivery service reduced to three.
- 4.2 Compared to 2023/24, the Service has lost 47% of its LA maintained subscribers, 39% of academy subscribers and approximately 53% of out-of-county subscribers so far this year and therefore, the total current buy-in for the period up to December 2024 is as follows:

LA Maintained	£25,525
Academies	£11,342
Out-of-county	£29,387

- 4.3 Artefact loans are popular but as with subscriptions, are priced at three different levels (platinum, gold, and silver) and relate to whether a school is already a subscriber. Loans are currently priced between £20 and £30. This fee does not accurately reflect the value of these assets or appropriately cover the cost to the Service in relation to their preparation and delivery. In addition, there is no breakage or replacement policy: as a result, current stock needs extra attention.



- 4.4 The Service is based in the Annexe at Shirehall and it is expected they will need to vacate the building within the next six months. The cost of the current premises in 2023/24 was £19,500. The proposed recharge for 2024/25 is £19,780 with indication that any reduction in that cost (due to reduced users or vacation of building) would only be applied in 2025/26. This charge is not sustainable for the Service. Potential cost savings relating to alternative accommodation are outlined in 4.6 - 4.7.
- 4.5 Other cost saving options include vehicle lease and running costs. The Service currently has a liveried vehicle on long-term lease. The lease expired in June 2024 and there are no financial penalties for non-renewal. In 2023/24, vehicle costs were £8264.60. Switching to weekly hire of a vehicle and reducing the delivery service from four to three days per week (in term-time only) would reduce base hire costs to £3510 per annum, plus fuel. Annual charges relating to fuel are in the region of £1950.
- 4.6 Based on feedback provided in the consultations, there are four potential options to be considered. With the exception of option 1, all potential options require a vacation of the site at Shirehall and a move to alternative accommodation. The most pressing consideration is housing the Service's significant stock: multiple options have already been explored with the Estates Service which have included commercial space (at a cost of between £65,100 to £72,450 pa) and currently empty Council-owned buildings (which do not have lighting or appropriate facilities). This could be further explored, but at present, it is unlikely that like-for-like accommodation can be found.
- 4.7 Stock will need to be held in containers in commercial storage units and related costs are as follows;
- 225 sq.ft unit (carpeted and climate-controlled) £2,141.79 (+VAT) per annum
  - 220 sq.ft unit (carpeted and climate-controlled) £1,936.57 (+VAT) per annum

It is likely that at least three large units will be required at a total annual cost of **£6425.37\*** (+VAT).

\*This figure includes a free removal service.

## 5 Risk Assessment and Opportunities Appraisal

(NB This will include the following: Impact on Children and Vulnerable Adults, Risk Management, Human Rights, Equalities, Community and other Consultation)

- 5.1 Both the school and public consultations indicate that the Service is valued by schools and the wider community. This has been further indicated in subsequent correspondence outlining support which has been directly sent to the Service. Therefore, the main risk with any element of change to the current Service is that of reputational damage and a potential erosion of the relationship between the Council and its key stakeholders (schools, parents, children and young people.)
- 5.2 The four options outlined above have been assessed for risk in the options section of this report. Opportunities have also been outlined accordingly. Further detail for each option is included in appendix E. Key risks are however listed below.
- 5.3 A comprehensive ESHIA based on the recommendation is attached in appendix D. Given the potential positive equality and health and wellbeing impact identified by head teachers, and through public consultation, if Option 2 for restructure and

relaunch is adopted efforts may usefully be directed at achieving such impacts and at keeping these under review in order to maximise them wherever possible.

- 5.4 Overall, if Option 2 for relaunching and restructure of the service is adopted, there is an anticipated medium positive impact for children and young people, their parents and carers and family members, and all those with whom they come into contact in educational settings. Whilst the focus will be upon the Protected Characteristic grouping of Age as defined in the Equality Act 2010, there will be positive anticipated equality impacts across other groupings due to intersectionality between these. E.g., children with Social Emotional and Mental Health needs (SEMH), who may be in the Disability grouping, children of different religions or beliefs, learning about different cultures and heritage, and those we may regard as vulnerable, such as children and young people either in care or leaving care.
- 5.5 In terms of the additional grouping of Social Inclusion, where the Council seeks to give due regard to household circumstances, positive impact is anticipated for children and young people in rural communities, low-income households, and children for whom English is not their first language including refugee families.
- 5.6 The Service offers a range of resources which are focused on learning more about the body, mental and physical health, and healthy eating. These will be promoted accordingly and are likely to have a medium positive impact on children's understanding of how they can live a healthy life. Similarly, the artefact plus offer includes physical activities which promote collaboration, creativity, imagination, and team working.

Risk	Mitigation
Option 1: Reputational damage, breakdown of relationship with key stakeholders.	Careful messaging from directorate which signposts how other council services may assist schools in delivering the curriculum/reading strategies.
Option 2: Continuing low level of school buy-in on launch of new offer.	Marketing will be addressed accordingly: all schools will receive a brochure outlining the offer. Conversations with key stakeholders will continue throughout winter 24 and spring 25 terms to help school leaders transition. Pay-as-you-go offer may encourage schools to be more flexible with their budgets. Regular budget monitoring to ensure tariff is priced appropriately.
Option 2: Cost of premises and IT access, thereby increasing 24-25 deficit.	Work with Resources Directorate to ensure cost savings can be made upon immediate vacation of current premises, alongside addressing list of users to reduce other internal recharges.
Option 3: Erosion of relationship with key stakeholders resulting from a noticeable reduction in service.	Positive messaging from directorate which clearly outlines operating hours, manages expectations, and highlights the expertise that has been retained.
Option 4: Reputational damage through loss of expertise which impacts significantly on schools.	Careful messaging from directorate which signposts how other council services may



	assist schools in delivering the curriculum/reading strategies.
Option 4: Financial risk to other services that may assist with subsuming elements of the Service.	Maintain ringfenced budgets, monitor staff welfare and workload.
Options 2, 3 and 4: Risk to schools and Service staff arising from a change in premises.	The revised offer to schools takes into account the necessity for moving stock to storage units. Service staff will be required to spend time boxing collections appropriately.
ALL OPTIONS: Financial cost of covering an in-year deficit.	Options 2, 3 and 4 allow for additional time for the Service to become self-sufficient and fully traded. Option 1 ensures no further years of deficit will need to be covered.

## 6 Financial Implications

- 6.1 Shropshire Council is currently managing an unprecedented financial position as budgeted for with the Medium Term Financial Strategy approved by Council on 29 February 2024 and detailed in our monitoring position presented to Cabinet on a monthly basis. This demonstrates that significant management action is required over the remainder of the financial year to ensure the Council's financial survival. While all Cabinet Reports provide the financial implications of decisions being taken, this may change as officers review the overall financial situation and make decisions aligned to financial survivability. Where non-essential spend is identified within the Council, this will be reduced. This may involve
- scaling down initiatives,
  - changing the scope,
  - delaying implementation, or
  - extending delivery timescales.
- 6.2 The Service is paid for through subscriptions made by schools which are themselves funded from their delegated schools budgets – part of the Dedicated Schools Grant ('DSG'), controlled by Schools Leadership Teams in consultation with Governing Bodies.
- 6.3 In previous years, where the Service has incurred an operating loss (deficit) that has been funded via the wider General Fund of the Council, rather than having been attributed to the DSG. This has not previously been a problem, but the current financial environment (noted above, 6.1) means that all opportunities to safeguard the General Fund Balance must be taken.
- 6.4 This report provides a timely opportunity to correct previous practice, which emerged incrementally through previous years and has not attracted detailed scrutiny due to the low materiality of the sums involved. By creating a flexible approach to the Service subscription charges (set out as option 2) which include plans to secure full cost recovery for the Service from subscribing schools, the pressure on the General Fund can be alleviated but also the future of the Service can be planned for in a positive way. Any in-year surplus or deficits will be recovered to the DSG brought-forward balance. Benefits would accrue to future years with the potential for maintained/reduced prices, and costs would be covered in future years by increased prices.

- 6.5 Financial information has been provided throughout this document. As noted throughout, cost savings can be made in premises charges, vehicle usage, and internal recharges.
- 6.6 Allowing the Service a transitional term (January to March 2025) affords time to forecast budget appropriately for 2025/26 at which point, tariffs can be adjusted as required and staffing/establishment costs further considered.
- 6.7 Potential in-year operating deficits are outlined below based on indicative subscription levels:

Income based on 23/24 levels	£155,219	Deficit: £25,401
Income based on 24/25 levels	£114,388	Deficit: £66,232

## 7 Climate Change Appraisal

- 7.1 **Option 1:** This would present a one-off reduction in the carbon footprint of the Service. However, this will be overshadowed by the loss of educational resources on the subject of climate change and sustainability, which could result in a potential long-term increase in carbon emissions as a result of the loss of educating children about positive behavioural change.
- 7.2 A positive impact is expected in implementing **option 2**. Fuel consumption will reduce, as will carbon emissions. Energy consumption will also reduce when the Service moves to new premises.
- 7.3 As with option 2, a potential implementation of **option 3** adds further benefit, reducing the carbon footprint further as a result of moving to a four-day per week Service.
- 7.4 **Option 4** presents similar outcomes to option 1. The collections that would be retained under this proposal do not include resources on climate change and sustainability.

## 8 Conclusions

- 8.1 As evidenced in the school and public consultations and in subsequent correspondence received, the Service is valued by schools and parents throughout the county. Restructuring the way in which the Service works will allow for some internal cost savings alongside facilitating the launch of a new offer and pricing structure.
- 8.2 The pricing structure should allow users to engage with the Service in a more flexible manner to account for pressures on school budgets. Relaunching the Service from January 2025 will allow time to work with key stakeholders to further refine and inform the Schools Library Service offer.

**List of Background Papers (This MUST be completed for all reports, but does not include items containing exempt or confidential information)**

**Local Member:** All

**Consultation with Local Member** – Please consider the Local Member Protocol (see page E60 onwards of part 5 of the Constitution) and determine whether it is necessary to consult with the local member over the proposal set out in this report. This may not always be applicable (eg where the proposal affects all of Shropshire) but it should always be a consideration and in some cases a necessity so as to comply with the spirit of the Protocol.

**Appendices** [Please list the titles of Appendices]

- Appendix A: Public Consultation Report
- Appendix B: School Consultation Report
- Appendix C: Example of 'Artefact Plus' offer
- Appendix D: ESHIA
- Appendix E: Operational Detail