SUMMARY OF REPORT

This report sets out the expressions of interest that have been received for the future use of Belsize, Chalk Farm and Heath library buildings once they cease to be funded as Camden public libraries as of April 2012. Following an assessment of the expressions of interest, the report recommends which voluntary and community organisations be granted leases (where appropriate) and transitional and additional funding support, subject to further clarification of the organisations’ financial and other suitability by 31 January 2012. The report further recommends that some funding be made available immediately to the successful organisations in order that they are offered all help and support to be able to demonstrate they meet the areas of development identified in the report.

Local Government Act 1972 – Access to Information

Documents used in the preparation of this report:
Future Shape of Library Service and Implementation of Savings Programme (CENV/2011/37)

CONTACT OFFICER
Fiona Dean
Assistant Director, Culture and Customer
Tel: 020 7974 4172  Email: fiona.dean@camden.gov.uk

Mike Clarke, Head of Library Customer Services
Tel: 020 7974 4058  Email: mike.clarke@camden.gov.uk
RECOMMENDATIONS:

That the Director of Culture and Environment

i) Notes and takes into account the outcomes of the expressions of interest and evaluation process taking due regard inter alia to the Equalities issues detailed within the report and the equalities impact assessment, also in relation to the risks detailed in section 7 of this report

ii) Approves which voluntary and community organisations at section 4 are selected as the Council’s preferred organisations to work with to put in place community use of Belsize, Chalk Farm and Heath library buildings respectively subject to satisfactory further development of the business plans in relation to the areas stated in section 5 by 31 January 2012

iii) Gives approval for officers to work with and support the preferred organisations to further develop and finalise their business plans by 31 January 2012

iv) Gives approval for lease arrangements, transitional grant support and Camden People’s fund allocations to be negotiated with preferred organisations subject to further approvals and satisfactory further development of the business plans in relation to the areas stated in section 5 by 31 January 2012

v) Approves allocations of up to £15,000 from the Camden People’s fund per organisation from January 2012 to support the development of the organisations and their proposals and to prepare for implementing community use from April 2012.

SIGNED:

Fiona Dean
Assistant Director, Culture and Customers

DATE:
09/12/2011
1. **Introduction**

1.1 The Council’s Cabinet agreed a medium term financial strategy on 1 December 2010 to address an £83 million anticipated budget shortfall over the three year period from April 2011 to March 2014. As part of that process, a savings target of £2 million was set for the libraries budget. In the first year (2011/12), administrative and efficiency savings totalling £400,000 were identified, which had no direct impact on the service customers receive. At the same time, a consultation and decision making process was undertaken on how the remaining £1.6 million saving should be made.

1.2 In June 2011 Cabinet agreed a report on the Future Shape of Library Service and Implementation of Savings Programme. As part of this report four libraries were identified as being surplus to requirements while still ensuring that the Council fully meets its statutory duty of providing a comprehensive and efficient library service in relation the Public Libraries Act 1964. It was agreed that Belsize, Chalk Farm, Heath and Regents Park libraries would cease to be Camden public libraries with the first three being offered for alternative community use or delivery, and with partial re-provision of key services in the local area for Regents Park.

1.3 Cabinet agreed a package of support to facilitate alternative community use including transitional grant funding of £192,000 for the first year of activity in 2012-13 to cover:
- Rental costs for the building
- Utilities and cleaning
- Routine maintenance
- ICT costs for internet and telephone services
- Camden Council officer support or paid staff time on a part time basis to help build community and voluntary skills and capacity within the organisations.

The division of the transitional funding is based on current running costs with £49,000 available in relation to Belsize, £72,000 in relation to Chalk Farm and £71,000 in relation to Heath.

1.4 In addition, limited funds of £150,000 (across all three buildings) have been made available from the Camden’s People’s Fund for one off costs such as legal and financial advice, re-equipping facilities and fundraising advice. The exact support put in place is to be developed with and tailored to the needs of the organisations in question.

1.5 Cabinet agreed that community delivery would be explored within the context of the Council’s Voluntary and Community Sector (VCS) review and investment and support programme. In line with this Cabinet agreed to forego potential capital receipts or commercial rent that could be obtained from the buildings. Instead
offering a lease aligned to the principles of the new VCS lease being developed and rent relief in line with the agreed VCS policy.

1.6 If no viable and sustainable alternative community use came forward, the Council would consider the future use of the buildings concerned, including disposal if appropriate.

1.7 Cabinet’s decision on Libraries was subject to a Call-in process by elected members meaning that the decision was reviewed on 18 July 2011 by the Culture and Environment Scrutiny Committee who agreed with Cabinet’s decision. Because only limited activity was allowed during the call in process, steps to implement Cabinet’s decision and engage with communities could only be progressed after this date.

2. Expressions of interest process

2.1 Cabinet agreed that an expressions of interest process should be carried out in order to identify alternative community use options for the three library buildings, identifying preferred organisations that the Council could work with to explore and develop viable and sustainable community use. Following the conclusion of the decision making process with the Call-in on 18 July and development of the approach to inviting expressions of interest, the process was launched on 1 September 2011 through:

- Notification sent to all friends groups and key contacts across organisations engaged
- Information posted on the Council’s web pages
- Press release
- Adverts running on 1 and 8 September in local press signposting to information on the Council’s web pages. The adverts invited interested parties to attend information workshops and the announced opening date for expressions of interest as 26 September 2011.

2.2 Information workshops were run on 12 and 15 September with the aim of providing background on the expressions of interest process and as an opportunity for the Council to find out about ideas, likely interest, answer questions and receive feedback about further information that organisations would need in advance of making an expression of interest. The workshops were attended by 47 individuals across 17 organisations. Following the workshops and feedback received, updated background information and a Frequently Asked Questions document based on the questions raised at the sessions, were published online and circulated to attendees.

2.3 Expressions of interest opened formally on 26 September with full documentation published online at Camden.gov.uk/librarysavings. Information published was comprised of:
• Full background information pack with details of the process, eligibility criteria, transitional support offer, background information on buildings and associated costs
• How to make an expression of interest document outlining information to be submitted for an expression of interest together and questions to be answered, and information on how submissions would be scored and different sections weighted
• About your organisation form provided to gather key contact and organisation details and to check eligibility criteria

2.4 The key objectives of the expressions of interest process stated in the documentation were to identify:
• Sustainable future uses for Belsize, Chalk Farm and Heath library buildings
• Uses of the buildings that will offer the most benefit to Camden residents, acknowledging their needs and priorities, both social and economic, over the coming years.

2.5 Interested organisations were directed to a generic email address to submit any questions or requests for further information. Requests were received from two groups with a number of questions, and responses to these enquiries were published on 10 November in the form of an updated Frequently Asked Questions document on the Council’s web pages and circulated directly to all groups that had engaged with the process to date.

2.6 The expressions of interest questions and the information requested was broken down into 6 key areas with the following weightings:
• Organisational skills and capacity – 15%
• What you aim to achieve – 30%
• Proposals for the building – 10%
• Equality and diversity – 10%
• Community support and future plans – 15%
• Finances – 20%

Appendix 2 provides the How to make an expression of interest document in full, detailing the specific questions asked within each section.

2.7 Organisations were scored out of 10 in relation to each question as stated in the guidance document and an overall score out of 10 was calculated once the weightings had been applied.

2.8 In addition to being scored for the consideration of equality and diversity in their proposals for the future use of the building, and in relation to their organisation and governance, an assessment of each submission was carried out as part of the equality impact assessment for this decision making process. The equality impact assessment is included as Appendix 1 to this report in redacted form to protect the confidentiality of the organisations that made expressions of interest.
The full un-redacted version is included in the Part II report not for publication and has been considered in developing the recommendations that follow in section 4.

2.9 Pre-evaluation to select the recommended preferred organisations was carried out by officers from a range of teams and with the relevant skills in finance, in relation to property considerations, strategy and policy. Final evaluation and moderation of the submissions to establish which organisations should be recommended as the preferred organisations was undertaken by Fiona Dean, Assistant Director Culture and Customers and Ali Griffin, Assistant Director Communities.

3. Proposals received

3.1 Five submissions were received through the expressions of interest process with one each in relation to Chalk Farm and Heath libraries and three in relation to Belsize library. These are summarised in general terms in Part II of this report which is not for publication in order to protect the confidentiality of the organisations involved.

4 Results of evaluation

4.1 On the basis of the evaluation process, the following organisations are recommended as the preferred organisations in respect of each building:

**Belsize Library building - The Winch**
- Local charity focussed on children, young people and their families
- Proposal for development of a Community Interest Company as a model for governing, managing and developing the use of the building
- Mixed and flexible use of the building with community library, café lounge, work space for local people/ enterprise, space for hire and possibly nursery activity.

**Chalk Farm Library building - Primrose Hill Community Association (PHCA) and Friends of Chalk Farm Library**
- Partnership project building on governance structure and experience of PHCA
- Proposed mixed use of the building centred around community library activity and drop in provision
- Financial model based on securing £1.2 million of pledges for investment as an endowment fund

**Heath Library building - Keats Community Library Phoenix Group**
- Partnership project supported by Friends of Heath Library, Heath and Hampstead Society, South End Green Association
- Proposed community library free to use with specific focuses on children and young people, literary connections and learning
• Aim to build on and extend current use to the wider community, funded predominantly through a membership model

A fuller assessment of all bids received is set out in the Part II report which is not published to protect the confidentiality of the organisations involved. This also provides a breakdown of the scores allocated as a result of the expressions of interest process and the key strengths and weaknesses identified for each submission. The Part II report is confidential and not for publication due to the information that it contains in relation to the organisations’ proposals and business plans. It will be considered as part of the decision making process but will not be published publically. Sections 4.2 to 4.4 below provide an overview of the recommended proposal for each building based on the evaluation carried out. Detailed feedback will be given to all five organisations in relation to their submissions, the scores they achieved and the areas for further development.

4.2 Belsize Library building - Preferred organisation

4.2.1 The submission received from The Winch working with the Friends of Belsize Library was identified through the evaluation process as the highest scoring of the submissions received for Belsize library. The submission was as evaluated as having the potential to offer a viable and sustainable future community use for the building. It is recommended that the Council works with The Winch and the Friends of Belsize Library to negotiate lease and transitional support arrangements in order to put in place future community use of the building from April 2012.

4.2.2 Particular strengths identified were the skills, experience and capacity brought to the project by The Winch and the clear vision of community leadership and involvement. The enterprise based approach, centred around a community interest company rather than grant based model, scored well in relation to sustainability. Understanding of community need and demand was demonstrated and there was evidenced engagement with the local community and relevant local groups to develop vision and proposals for use of the building.

4.2.3 Areas for further development and support from the Council in order to finalise the proposal centred around developing the financial business model and membership approach in more detail, and the organisational capacity to deliver given the significant development the organisation is currently undertaking.

4.2.4 The Winch submission met the required score on the equality and diversity section. In the equality impact assessment no potential negative impacts were identified. The proposal offers the potential to deliver positive benefit for the local community and to act as a further mitigation of the June 2011 decision to cease a Camden public library service at the building.
4.3 **Chalk Farm Library Building - Preferred organisation**

4.3.1 The submission received from the Primrose Hill Community Association (PHCA) and the Friends of Chalk Farm Library was identified through the evaluation process as having the potential to offer a viable and sustainable future community use for the building. It is recommended that the Council works with PHCA and the Friends Chalk Farm Library to negotiate lease and transitional support arrangements in order to put in place future community use of the building from April 2012.

4.3.2 Particular strengths identified were the skills and capacity of PHCA in their current work and the experience of the organisation in managing community facilities and services. A clear approach to staffing and the use of volunteers was outlined with pledges of volunteer support already secured. The submission was community led with clear community engagement and evidenced community support for the project.

4.3.3 Areas for further development and support from the Council in order to finalise the proposal centred around ensuring the financial viability of the investment model and exploring further activities and use options for the space in order to generate further income.

4.3.4 The PHCA submission met the required score on the equality and diversity section. In the equality impact assessment no potential negative impacts were identified. The proposal offers the potential to deliver positive benefit for the local community and to act as a further mitigation of the June 2011 decision to cease a Camden public library service at the building.

4.4 **Heath Library Building - Preferred organisation**

4.4.1 The submission received from the Keats Library Phoenix Group was identified through the evaluation as having the potential to offer a viable and sustainable future community use for the building. It is recommended that the Council works with the Keats Community Library Phoenix group to discuss transitional support arrangements in order to put in place future community use of the building from April 2012.

4.4.2 Particular strengths identified were the community led approach supported by three key local organisations and a committee with wide ranging skills and experience. The proposal demonstrated a clear plan for using the space with the staffing and volunteer roles defined and volunteer support already secured. The proposal showed strong awareness of development needs and the next steps required to implement the project if successful. Research and engagement work with the community and the City of London as owners of the building was evidenced and had been used to develop vision and priorities.
4.4.3 Areas for further development and support from the Council in order to finalise the proposal centred around developing the financial business model and membership approach in more detail.

4.4.4 The Phoenix Group submission met the required score on the equality and diversity section. In the equality impact assessment no potential negative impacts were identified. The proposal offers the potential to deliver positive benefit for the local community and to act as a further mitigation of the June 2011 decision to cease a Camden public library service at the building.

5. **Further development and next steps**

5.1 The Council is committed to supporting future community use of Belsize, Chalk Farm and Heath library buildings. As outlined in the expressions of interest documents and as agreed by Cabinet, the expressions of interest process is designed to identify potential community use options for the Council to support and further explore with the organisations selected as preferred organisations.

5.2 As outlined in section 4, three organisations have been identified through the expressions of interest process as being recommended as preferred organisations with the potential to deliver viable and sustainable future use of the buildings. The Council will support the further development of all of the selected preferred organisations’ proposals in general and in relation to a number of specific areas identified through the evaluation process. As part of this process officers will seek to negotiate lease and transitional support arrangements (where appropriate).

5.3 The further development work is to be completed by 31 January 2012 to ensure that the proposals meet all financial viability and sustainability criteria originally outlined for the expressions of interest process. This further level of assessment and development work is necessary to confirm the deliverability of each of the proposals. The Council will support this process and work through the areas for development in detail with the organisations. In tandem with this process officers will use the period up to 31 January to negotiate draft heads of terms for each building which will form the basis of the leases to be agreed by the Council. The aim at this stage is to ensure leases and grant agreements are in place by the end of March 2011.

5.4 **Belsize library building - The Winch**

Areas for support and further development by 31 January 2012 in order to negotiate draft lease terms and transitional support arrangements subject to further approval include working with the preferred organisation to:

- Refine the financial model to increase viability, particularly in relation to membership income
- Further develop Camden people’s fund request, linking to business model and activities to be delivered from April 2012
- Confirm lease position related to the covenant on the building (see point 7.5)

5.5 **Chalk Farm library building – Primrose Hill Community Association**
Areas for support and further development by 31 January 2012 in order to negotiate draft lease terms and transitional support arrangements subject to further approval include officers working with the preferred organisation to:
- Refine the financial model to increase viability, contingencies, cash flow modelling and to test assumptions related to local and national grants
- Demonstrate that sufficient funds have been generated by this date to establish the planned endowment fund as main source of income
- Further develop plans in relation to other areas of income generation
- Explore transitional support opportunities related the Camden people’s fund

5.6 **Heath library building – Keats community library Phoenix group**
Areas for support and further development by 31 January 2012 in order to negotiate draft lease terms and transitional support arrangements subject to further approval include officers working with preferred organisation to:
- Refine financial model to increase viability, particularly in relation to membership income and to test assumptions related to fundraising and income targets for charged services
- Further develop Camden people’s fund request, linking to business model and activities to be delivered from April 2012
- Demonstrate agreement of lease terms with the City of London

5.7 Governance and eligibility criteria – All three of the organisations identified met the eligibility criteria for the process. The projects, whilst supported by existing community groups with a range of skills and experience all involve new governance structures, finance arrangements and developing relevant policies and procedures for equality and diversity, health and safety and safeguarding children and vulnerable people. The Council will work with and support the organisations to progress these areas and implement their outlined arrangements by 31 January 2012 with a view to agreeing lease and transitional support arrangements.

5.8 If the areas for development outlined in point 5.4 to 5.6 have been addressed by 31 January 2011 and the organisations’ proposals therefore meet all of the viability and sustainability criteria originally outlined for the expressions of interest process, then the Council will be in a position from 1 February 2011 to move to finalise grant agreements for transitional funding and to agree the leases to be granted on the Belsize and Chalk Farm library buildings.

5.9 If by the 31 January it appears that any of the preferred organisations’ business cases are not financially viable the matter will be referred back to the Director of Culture and Environment. In this instance the Council will move to the second
stage of the process as agreed by Cabinet which is considering the alternative use or disposal of the buildings as no viable or sustainable community use will have been identified.

6 Equality and diversity

6.1 The Council has various duties under the Equality Act 2010 to promote equality through transparency. Specifically the Act 2010 provides protection from discrimination in respect of certain protected characteristics, namely: age, disability, gender reassignment, pregnancy and maternity, race, religion or beliefs and sex and sexual orientation. It places the Council under a legal duty to have due regard to the advancement of equality in the exercise of its powers. In particular the Council must pay due regard to the need to:

1) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Act;
2) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it; and
3) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

Under this duty the Council has an obligation to analyse the effect of policies and practices including those relating to procurement and commissioning. This process should include consideration of the needs of service users, including any needs due to having a particular characteristic.

6.2 As outlined in point 2.8 of this report, consideration of equality and diversity was part of the expressions of interest process with organisations being scored for the equality and diversity commitment in their proposals for the future use of the buildings, and in relation to their organisation and governance. Further to this an assessment of each submission was carried out as part of the equality impact assessment for this decision making process and based on the needs of service users. The equality impact assessment is included as Appendix 1 to this report in redacted form to protect the confidentiality of the organisations that made expressions of interest. The full un-redacted version is included in the Part II report not for publication and has been considered in developing the recommendations in section 4. The equality impact assessment considered the potential impact of the future use of the buildings in relation to all five submissions received and also in relation to the Cabinet decision of 8 June 2011 and the equality impact assessment, negative impacts and mitigations identified for that decision, which this process is subsequent to.

6.3 All three of the organisations identified through the expressions of interest process met requirements in relation to demonstrating that equality and diversity principles would be integral to the future use of the buildings. These organisations had, considering mitigation measures, the least adverse impact and best assist the Council in its obligations to eliminate unlawful discrimination, harassment and victimisation, advance equality of opportunity between different groups, and foster good relations between different groups.
6.4 When further decisions are taken in relation to the project e.g. when any decision is made to grant a lease to any of the preferred organisations further assessments will be carried out of the impact of the Equalities Act 2010 duties on the decision. To help ensure that the Council meets its duty to promote equality it is envisaged that the terms of both the leases and the transitional funding offered will prohibit unlawful discrimination under the Equality Act and require the successful organisations take all reasonable steps to ensure staff, suppliers and subcontractors meet their obligations under the Equality Act. It is also proposed that support should be offered in the transitional stage to all successful organisations to further strengthen and build best practice into their proposals with respect to this theme.

7. Risks

7.1 The recommendations of this report should be considered in relation to a number of risks identified for progressing with the identified preferred organisations. The most immediate risk is that agreement of lease and transitional support arrangements cannot be reached with one or more of the preferred organisations in which case the matter will be referred back to the Director of Culture and Environment for further consideration as noted in point 5.8.

7.2 Whilst the expressions of interest process has been designed to evaluate the viability and sustainability of the proposals, consideration still needs to be given to the financial liability to the Council if the organisations are not viable in the medium to long term. The transitional funding identified to support community use of the three buildings is £192,000 with a further £150,000 identified from the Camden People’s fund giving a total financial liability of £342,000 across the three buildings. The risks attached to this financial liability can be mitigated through the use of appropriate terms and conditions of funding although a residual risk remains if any of the projects were to fail in the future.

7.3 In addition to the financial liability attached to funding, the Council has a liability in relation to the gifting of any stock, equipment and furniture requested by the preferred organisations in relation to their planned future use of the buildings. The nominal value of the stock is estimated at less than £250,000 across the three libraries, and whilst the items would have a cost of replacement, they have a low residual value with most items offering little or no potential to be sold or disposed of for an income. All equipment and furniture to be gifted also has a low residual value with no items likely to exceed £500 in value. It is recommended that in gifting any items to the preferred organisations, the Council’s relevant processes for disposing of items is followed and they are gifted for the purpose of future use in the facility.

7.4 The Council has a further potential liability around ensuring appropriate use, maintenance, and commitment to health and safety in relation to the three buildings and the prevention of any misappropriation of the buildings or benefits
derived from their use. The new voluntary and community sector (VCS) lease that is in development for VCS organisations in Council properties will provide the basis for the lease heads of terms to be negotiated with the preferred organisations in order to ensure that appropriate safeguards are in place to mitigate this risk. The Council will seek to enforce the terms of leases in order to ensure that use of the buildings is compliant with that agreed and that the buildings are kept in a good state of repair.

7.5 Belsize library building continues to be subject to a restrictive covenant which limits the use of the building to a free public library. After taking legal advice it is considered that the covenant would not be a fundamental barrier to negotiating a lease with The Winch as the preferred organisation, provided a programme of steps are taken to remove the covenant or else manage its impact. Officers will continue to work with officers in Property Services and Legal Services to actively progress this so that issues are resolved by the time of grant of any lease. The Winch are aware of these additional issues.

7.6 It may be necessary for decisions to be taken at Cabinet level if particular variations to the VCS lease terms are required (for example, leases of more than 20 years in duration). Chalk Farm library is part of the Housing Revenue Account, which is ring-fenced separately under legislation, and therefore some variations in relation to this building may also require external approval(s) from the Secretary of State.

8. Comments of the Head of Legal Services

Legal services were consulted during the preparation of this report and have advised that there are no further legal comments.

9. Comments of the Director of Finance

As outlined in the report above, financial evaluation of the five submissions was completed awarding points based on differing financial criteria. Total marks available for the finance section was 20%.

Concerns were raised around the financial business case on all submissions; although some were stronger than others. Overall, testing of assumptions, refinement of business cases, identifying alternative income streams and sensitivity of income assumptions need to be carried out with The Winch, PHCA and Keats Library Phoenix Group by 31 January 2012 to ensure proposals are financially viable. Finance officers will be working with these organisations to help achieve this.

If by the 31 January it is considered that the organisations business cases are not financially viable the decision will be referred back to the Director of Culture and Environment. In this instance the Council will move to the second stage of the process as agreed by Cabinet which is considering the alternative use or disposal of the buildings as no viable or sustainable community use will have
been identified. Final lease agreement and transitional funding will not be provided until the authority is satisfied with the viability of each business case and organisation.

The report recommends approval for up to £15,000 Camden People’s Fund allocation per organisation from January 2012. This would commit a total of £45,000 for initial support and further development of the proposals before any final decision or agreement is made. The potential risk to authority of doing this is a loss of £45k and officer time if none of the organisations meet the final criteria. The Heath library building also requires agreement of lease terms & conditions between the Phoenix Group and the City of London.

If the proposals meet all financial viability and sustainability criteria by 31 January 2012 negotiation of lease terms and transitional support arrangements will be completed and agreed.

The overall financial risk to the authority at this point would be the full transitional fund amount of £192k as well as the balance on the Camden People’s fund, giving an additional financial liability of £297k.

The disposals or gifting if any stock, equipment and furniture would need to comply with the authorities Financial Stranding Orders and Regulations. Safeguards would need to be put in place to ensure the Council carries no future liability for the items once they have been transferred over.

10. **List of appendices**

   Appendix 1 – Equality Impact Assessment (redacted version to protect confidentiality)

   Appendix 2 – How to make an expression of interest document