Income generation for public libraries
Learning and case studies from a national pilot project in England

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Introduction and executive summary

This report summarises the learning from a demonstration programme which sought to explore and test a range of income generating activities in the context of public libraries.

The “summary of learning” brings together general themes of learning from the programme. The case studies provide more in depth information as they relate to each of the five pilot projects. This programme has been funded by Arts Council England.

The primary aims of the programme were to:

- Facilitate relevant dialogue and peer-learning across library leaders
- Deliver practical support for library service commissioners and practitioners in relation to income generation activities
- Demonstrate the potential for new enterprises in a library context - to develop learning and practical case studies and inform the work of library service commissioners and practitioners elsewhere
- Evaluate approaches and establish an accessible learning base to support income generation in this context

Programme summary

Key activities undertaken during the pilot programme were:

- Promotion and awareness-raising activities - including direct mailings and events leading to an open call for expressions of interest to recruit participants to the pilot project.

- A programme of inspirational and informative workshops to help participants to develop their ideas - including five webinar sessions, face-to-face roundtables and peer learning opportunities at Locality’s Annual Convention.

- Direct support from an enterprise mentor to help participants develop and test their plans. Five days support was provided to each participant.

- Access to specialist or technical support.

- Development of case studies and a peer review session to share learning and draw out key issues to inform next steps for the participants.
Background

Despite widespread acceptance that public libraries need to generate income to increase their resilience and maintain modern and relevant services, the starting base is low. Total income generated from library services in the financial year ending 2014 represented just 8.3% of total expenditure, a figure that has changed very little over the past 5 years consistently hovering around 8% (CIPFA, 2014).

The programme’s aims were directly informed by two earlier phases of work.

Phase One involved research, consultation and discussion with library service commissioners and providers to:

• Identify and understand the types of enterprising activities that libraries already undertake or, indeed, could undertake to generate additional income.
• Identify and understand the practical barriers to income generation and enterprising approaches with sector representatives.
• Co-design approaches to overcome those barriers and realise opportunities for income generation within a library context.

The outcome of this work is a research report incorporating findings from a literature review and survey of library practitioners and commissioners: http://locality.org.uk/wp-content/uploads/Locality-Enabling-Enterprise-in-Libraries.pdf

The report identified five key areas of opportunity for income generation within a library context and identified examples of each already in operation – namely:

• Non-Library Service Public Contracts
• Private Sector Service Contracts
• Direct Trading through the Sale of Complementary Products
• Charged for Services
• New/Emergent ICT Services

Phase Two resulted in the publication and dissemination of a technical guidance note for library service commissioners and providers to clarify approaches to enterprise and income generation, address related legal issues, and showcase examples of existing good practice so as to highlight activities that work well: http://locality.org.uk/wp-content/uploads/Income-Generation-for-Public-Libraries.pdf

1. www.Cipfastats.net/leisure/publiclibrary
The guide provides:

- An overview of existing practice and opportunities for income generation in public libraries
- Key steps and approaches to developing income for public libraries
- A summary of key challenges and issues relating to income generation
- A legal note discussing:
  - delivery vehicles and their relative merits in relation to income generation for public libraries
  - trading and charging issues, and clarification of the distinction between the two in a legal context for local authorities
- Some tips for library commissioners and providers on developing income generation to support public libraries, and recommendations for next steps.

Summary of learning

Specific learning from the case studies is highlighted in each of the five reports. There are however a number of themes which emerged on more than one occasion and are worth highlighting as key learning points from the programme.

Organisational transformation and income generation

In all the pilot projects there was an element of organisational transformation that had either taken place, was in process, or imminent. There was a sense that significant organisational transformation is likely to be required to significantly increase the amount of income generation within the context of public libraries.

“If transformation is considered to be profound, fundamental and irreversible then this study and our role in it provided the catalyst to begin that journey to transform the service in Poole. That happened in a far more fundamental way than was first envisaged but ultimately will be of major benefit to Poole Libraries, its staff, customers and community” Sue Wills – Poole Library Service

For some of the participants and other library providers, this transformation has been manifested in the form of new organisational structures either as mutual spin outs, or asset and service transfers to social enterprises. For others the changes were more iterative within the confines of the local authority structures.

Catalysts for change

Several drivers were highlighted during the research which are leading to increased focus on income generation for public libraries. These include:

- The Sieghart Review and the establishment of the new national libraries taskforce
- Current economic situation for local government and funding outlook for local authorities
• **Society of Chief Librarians** and their work with DCMS and Arts Council concerning library service development

• Demand for more personalised services

• Technological change

• Localism Act 2012, and the diversification of library providers.

The Carnegie UK Trust’s work on the future of libraries, *Speaking Volumes*, was also referred to by participants as a tool used in changing attitudes and perceptions of the role libraries can play on a range of wellbeing related issues.

**Staff culture**

It is clear that the working culture and attitudes of staff toward service transformation are a critical factor in determining the ability to diversify and adopt new income generating services and a more entrepreneurial approach.

The "Change Curve" was referenced as a useful tool to help managers and staff understand the stages of personal transition in relation to organisational change. People could often identify at which of the four stages of change their teams were at, and how they were reacting to transformation.

A number of characteristics were highlighted by participants and some of their peers, as well as by some of the social enterprise practitioners engaged in supporting the project.

Critical factors included:

• A sense that staff buy into the vision, mission and values of the service. Most often this was achieved through an inclusive approach to developing these, ensuring that staff experiences were valued and used to help shape strategy.

• Good internal communications, including recognition and celebration of individual achievements and contributions to the organisation and the service.

• An environment that encourages participation and innovation. Creating environments where staff are encouraged to put forward and trial ideas leads to a more entrepreneurial culture. Where there are very top-down approaches in large authorities, there is often less scope for people to put forward ideas, and little to gain for those that do. Instead, there may be a fear of ‘sticking one’s head above the parapet’ to change the status quo for fear of failure.

• Clear accountability and transparency about performance can foster a culture that is more conscious of performance and efficiency - resulting in improved performance and a degree of internal competition.

• Agile Teams: as a part of a larger organisation, innovation can be more difficult, especially in terms of the ability to be agile in testing and delivering services and products. Whilst formal decision-making structures and processes were recognised by some as valuable (even, essential to democracy) in public services, others talked about their potential to create a level of inertia that may dampen attempts to develop and test ideas.

One strategy identified was to organise people into teams that are actively encouraged to make decisions for themselves, and given delegated responsibility within parameters that are set within the scope of the overall objectives of the organisation. In this way, teams are able to develop their own culture that may be somewhat different to that of the wider enterprise or local authority as may be required/useful.
A key issue recognised by many concerned the lack of sales related skills within some teams - with some staff uncomfortable about the idea of charging for some services. For example, in one authority, the waiving of fines was commonplace. By highlighting the issue, management were able to significantly increase recovery of fines and reduce the amount of waivers by 80%. This was achieved by requiring staff and branch managers to report on these figures regularly to see how they performed in relation to other areas. Staff were also supported to more confidently assert themselves in the collection of fines.

**Scope and scale and form**

A key consideration for any business model is the optimum size of the operation. Some services may be viable at a very local neighbourhood level, such as a café in a busy high street location, whereas other more specialised services will have to serve a much larger geographic area in order to be viable.

Historically, local authorities have tended to determine the geography of their service offers by their unitary boundaries. This approach is, however, unlikely to be appropriate where some income generating services are concerned. There are a number of examples of library authorities working together to achieve economies of scale. For example, in relation to back office and/or support services. Conversely, there are many examples of service transfer to emergent community-led entities that have focused on economies of scope at a local level. The business plan developed for Upper Norwood Development Trust, learning from the experiences of Eco-Communities, exemplified how an agile approach to developing a diverse but locally coherent range of income strands can work. In Nottingham, it quickly became apparent that a music and drama set lending service is unlikely to be viable at a county level, with geographic expansion seen as necessary to create a sustainable service.

Some interesting questions and challenges are therefore raised in relation to ‘scope and scale’. For services that require markets of a larger geographical scale than the library authority, collaborative approaches are essential to prevent inefficient duplication of services and, with that, counter-productive competition. It also raises questions as to the most appropriate vehicle and governance structures when customer bases don’t align with unitary boundaries.

**Inter library lending /specialist collections**

The library service is well placed to capitalise on global trends towards a more “sharing economy”, and develop income generating opportunities related to the loan or hire of items outside the scope of the statutory library service.

Many local authorities already charge for some such services, for example, music and drama sets. However, it is important to note that, the more specialist a collection, the larger the geography required to establish a viable market and associated business model.

Inter Library Lending Schemes have often been used to support such specialist collections, enabling authorities to provide their users with access to a much wider range of materials. However, the nature of these agreements means that there is often an imbalance in terms of the costs and benefits with those authorities that are ‘net lenders’, bearing a cost to servicing requests from outside the area. This has resulted in some services opting out of Inter Library Lending schemes. Others have, however, reviewed and revised related funding formulas to better recognise the costs incurred by lenders servicing requests from outside their authorities. **Libraries West** is cited as a good example in this regard.
What else can libraries lend, and charge for?

In addition to music and drama sets, there are some other examples of specialist collections such as toys. More traditional lending of digital media (dvd’s, cd’s) is also common, but declining for many authorities as streaming services are becoming increasingly popular as a means of accessing digital content. However, there is significant scope to extend the scope of what libraries lend and establish income to support core library services.

In *The Inverted Library*, Eli Neiburger identifies what Ann Arbor Library Service has established as the framework for informing their collections:

- **Medium Cost**: i.e. more than an impulse purchase that people could easily afford and buy themselves, but not so expensive as to be unaffordable or too risky. Typically this may be in the region of £50-£300.

- **Short Duration**: i.e. objects that people will be able to utilise, satisfy their need and return for the benefit of others in a matter of days or weeks.

- **Low Frequency**: i.e. objects that aren’t required frequently and would therefore lead to regular repeat loans. Examples of objects in the Ann Arbour “Stuff Library” that meet these criteria include: energy meters, thermal imaging cameras, telescopes, science kits, musical instruments, musical tools and specialist cake tins. The focus is on creating unique collections that people cannot readily access from elsewhere.

Unique experiences / exploiting the USP of libraries

Many people involved in the programme - including participants, mentors and advisors - recognised the valuable assets and resources that libraries already benefit from including both tangible (e.g. prime location buildings, collections) and intangible (e.g. staff knowledge and skills, community trust). This asset base can be viewed as a rich resource in the context of developing enterprise and income generating opportunities.

A common theme in supporting the development of income generating services was in seeking to establish a distinctive and unique service or product offer that builds on both the assets and reputation of the library. Considering the relationship with the service is important in order to ensure income generating activities add value to and don’t undermine the core library service, but also to consider how the existing service and resources can add value and provide the foundation for a new service or product. For example, literature, reading and learning were distinctive themes that differentiated Poole’s birthday parties and Gateshead’s holiday clubs from otherwise similar services.

Agile service design

Learning from the projects, peers and experts involved in supporting them demonstrated that the most effective approach to developing and testing ideas is often an iterative one. Although this is consistent with the *Government Service Design Manual*’s definition of agile service design, the extent to which authorities were able to implement this methodology varied. The idea of starting small, committing a little resource, testing the reaction of audiences, and tweaking and developing ideas was seen in several examples (although the timescales involved meant that the programme only captured a part of the process in most places). Allied to this, there was also a recognition of the value of co-design with existing and prospective customers in helping to ensure services were developed in such a way as to meet the needs of users. This was exemplified in the approach that both Cultural Community Solutions and Poole Library Services adopted in scoping and developing ideas for hack/maker spaces and seeking to establish user-led approaches to the development and management of new library spaces.
Understanding users/customers

Developing a deeper understanding of users and prospective customers was recognised by many as a prerequisite to developing new chargeable services. This point was underlined by Ellie Kidson of Metamorphosis in the context of developing a retail offer, and a number of approaches were discussed in the course of the webinar she delivered: https://youtu.be/4zarOnceeJw

In particular, it was recognised that libraries already have relatively comprehensive data about their users which, if analysed, can provide useful insight to inform the development of new services.

Approaches taken to understanding customers included:

- Co-designing offers with users: making use of social media to engage with potential audiences, and discussing the design and development of projects in public meetings and surveys.

- Analysis of socio-demographic data. Poole library services utilised “Mosaic” to better understand the demographics and lifestyles of the communities around each of their branch libraries and inform the development and targeting of their offer.

- Strategic Partnerships. Nottingham established a strategic partnership with Making Music and commissioned them to undertake market research on their behalf - providing them with reach into an existing network of amateur music groups.

Importance of context and tailored approaches

It is clear that there is no ‘one size fits all’ solution to income generation for public libraries. At a branch level, local context, demographics and competition are all significant factors. Taking a strategic approach, establishing and understanding of the external environment is time well-spent when developing ideas. The viability of room hire is, for example, significantly influenced by the nature of local competition. In some areas, there may be an oversupply of heavily subsidised community accommodation which may make it very difficult to achieve a viable balance between a competitive price and operating margins.

Additionality

Motivations for income generation vary. At one end of the scale, income generation may be about recovering some of the costs associated with delivery to reduce an existing operating deficit and sustain an existing service, as was the starting point with Nottingham. At the other extreme, is the potential to generate a surplus with the explicit intention of subsidising other activities, as in the case of Upper Norwood’s proposal to lease car park spaces to generate revenue.

Key questions that need to be asked when developing income generation plans include:

- What do we want to maintain or develop as services that are free at the point of use?

- To what extent could we or should we subsidise a service from our core funds?

- Is the intention to recover the costs of the service, or to generate a surplus to invest elsewhere in the service, and how can we ring-fence funds for this purpose?
The important distinction in legal terms between charging and trading, and the implications that has for local authorities, was discussed in detail in our earlier guidance note, and is also covered in the webinar presented by Anthony Collins Solicitors available online: https://youtu.be/Q5KBwOCKR8

**Strategic development of income generation**

Our earlier guidance note proposed a framework for developing income generation ideas in a public library context - recognising the key stages of: Scoping, Concept Proposal, Approval, Development and Testing, Refinement, Start up and Implementation and Review. Poole Library Services made use of the Ansoff Matrix as a framework for considering the development of ideas and prioritising them. This approach was also endorsed by Ellie Kidson of Metamorphosis as a useful starting point when considering the development of a retail offer.

**An asset based approach**

Mike McCusker of Fresh Horizons highlighted the opportunities that an asset based approach to enterprise development can have in revealing opportunities to better utilise existing assets - whether they be staff skills and knowledge or underused space – in the course of his webinar: https://youtu.be/8ukBbDlv7Bc. This approach has helped Fresh Horizons to identify income generation opportunities that they can establish with minimal upfront investment and, therefore, low risk. In a number of the pilots, under-utilised space was exploited to generate new income; for example, Poole’s birthday party service targeting times outside library hours, Cultural Community Solutions use of space to establish maker spaces, and Gateshead’s use of space to provide a holiday club.

**Management information and benchmarking**

One observation was that the availability and use of management data was a significant enabling factor in several examples. Improved approaches to capturing and analysing data helped to identify not only opportunities for income generation, but also significant opportunities for delivering operational efficiencies.

**Process mapping**

Nottingham mapped in some detail the key processes relating to their library service - developing an in-depth understanding of the staff time and resources involved in delivering its music and drama set lending service in its current form. This exercise highlighted inefficiencies and revealed technical solutions that will reduce operating costs when implemented in the medium to long term. Processes and practices evolve over time in all organisations, and some are neither challenged nor reviewed for a long time, resulting in processes being maintained - not because they represent the best approach, but because they are embedded in an organisation’s operating culture. This challenge/opportunity reads across to earlier points about developing an entrepreneurial culture that encourages staff to proactively seek opportunities to improve processes and services for the benefit of customers and the viability of the wider service.

**Benchmarking**

A range of benchmarking exercises were pursued by participants to help inform the development of their ideas including:

- In Gateshead, key processes and pricing were benchmarked against other providers, in particular against Sports and Leisure provision.
• In Nottingham, a strategic approach to benchmarking against a range of providers was undertaken - including more in-depth analysis of market leaders to help inform pricing strategy, but also to identify helpful processes and operational models that could be adopted.

• In Poole, benchmarking was used to review charging and fine structures - identifying significant opportunities for income generation at minimal cost.

**Understanding costs and price / charges**

In order to effectively understand the viability of an activity, and to benchmark against past performance and competitors, it is necessary to understand the gross and net profit margins of different activities. To do this effectively, there is a need to access financial data, and to disaggregate and apportion core overhead costs to these activities. In practice this can be very difficult, especially, in the case of local authorities. Particular difficulties include estimating staff overheads and apportioning accommodation and utility costs which are often pooled and/or aggregated at a higher level. In addition, many costs may be distanced or ‘hidden’ from service managers as they are absorbed and managed by other parts of the organisation. To achieve a viable service that is self-sustaining, it is important to set prices and charges in relation to market rates as an understanding of relevant costs. Whilst some of the alternative library service delivery models currently being explored - such as mutuals and community enterprises - may be able to readily establish management accounts and procedures to enable this. A more fundamental transition and approach may be required to afford local authority service managers greater control over financial systems to generate meaningful data capable of informing and tracking progress of income generation or ‘enterprise’ plans.
Concluding remarks and observations

At the current time, significant transformation is underway across most public library services in England. Whilst there are many opportunities and growing interest in income generation, there is still much to do if significant levels of income generation are to support more resilient library services in future.

Key to unlocking these opportunities is the input of creative entrepreneurial people, supported by an environment which both enables and encourages agile approaches to the development of new services. Supporting people to develop relevant skills in the context of service transformation is a vital component of this, as is tapping into and making use of the wealth of existing knowledge and expertise from other sectors, not least the community and social enterprise sector.

The reality for many library services is that declining resources make investment in developing skills and knowledge difficult. Balancing the requirements of service delivery here and now, with the need to transform services in order to be more resilient longer term presents a significant challenge in this context. For this reason, national programmes that offer additional resource to aid transformation in support of the agenda have proved popular, and are likely to be important if we are to see much more positive movement in terms of income generation for public libraries any time soon.

Facilitating the sharing of ideas, and peer learning across an increasingly diverse provider base, is something that is both welcomed by library service providers, and is beginning to have an impact on realising new opportunities. The establishment of a Libraries Task Force as called for in the Independent Library Report led by William Sieghart provides an opportunity to progress this agenda.

This pilot programme has, over a period of six months, identified some practical ideas for income generation, but perhaps more importantly, points toward approaches and processes that can be applied elsewhere to take this agenda forward.

The short term nature of this programme inevitably meant that the ideas proposed were those that were relatively easy and quick to establish and test. There is a sense, however, that some of the bigger, and more significant opportunities will take longer to establish and require a level of national coordination.

Throughout this programme and earlier phases of research, the sharing of information and ideas has encouraged people to explore this agenda proactively. We hope that this continues in years to come as library services explore new operating models and income generating opportunities.
Recommendations

The following recommendations are made for the consideration of funders, policy makers, and library service commissioners and practitioners on the basis of learning derived from Locality’s work to explore income generation in public libraries:

• Enable innovation by continuing to test new approaches to income generation: there is scope to do more to pilot and test ideas and support their adoption where appropriate across the library network.

  o A longitudinal programme over 18-24 months could provide an opportunity to thoroughly explore, develop, test and track "library enterprises" and approaches to more ‘significant income generation’. To obtain maximum benefit from any such programme, consideration should be given to lead-in times - affording participants the time to identify critical resources, and obtain permissions to progress their projects. A two-stage process may be appropriate to help focus on those ideas that have established early proof of concept and have the required buy-in and resources.

  • An initial “challenge programme” could serve to incentivise entrepreneurship amongst library authorities, and inspire ideas that could be readily shared.

  • A higher bar could, then, be set for a second stage - with due consideration to the provision or accessibility of associated risk capital.

• Resource and coordination to support transformation at a national level is required to help develop more resilient operational models with a more diverse income base, in particular, to:

  o Develop the required relevant skills, knowledge and capacity and embed more entrepreneurial working practices. Approaches that capitalise on the wealth of knowledge and experience in the field of social and community enterprise through, for example, peer learning and mentoring should be considered alongside other more traditional approaches to training and skills development. Structured and informal networking opportunities are also encouraged. Intensive learning camps for library leaders and staff aspiring to be more enterprising in their approaches is one such suggestion that has been received well.

  o Capitalise upon the opportunities that exist in relation to emerging digital technologies, not least the "assisted digital" agenda as it relates to contracting opportunities with both government and private sector providers at a national scale.

  o Share information and good practice across an increasingly diverse provider base.

• Library authorities need to protect and capitalise on their asset base - both tangible and intangible assets.

  o Prime physical locations are liable to remain key to the viability of a sustainable library network, and a concerted effort is required to ensure that asset rationalisation trends don’t compromise this in future. Where assets are transferred or sold to other providers, asset lock provisions and appropriate support and investment may be required to increase chances of longer term viability and contributions to the service.
Library services need to consider how they can best make use of their data assets, including those held in their Library Management Systems, and, where appropriate, utilise such information to help inform and develop new income generating opportunities.

- **Further research into the impact of alternative delivery vehicles** on library services is required to help inform key decisions about service transformation. We have seen a huge increase in community managed libraries in recent years, as well as some privatisation of delivery. We are now seeing increasing interest in cooperatives and community benefit societies as delivery vehicles. Further understanding of the implications these different delivery models have on income generation, core service delivery, and additional social benefits will be beneficial in informing transformation efforts going forward.

- More detailed information about emerging trends in income generation is required to maximise the potential for identifying and building on good practice. At present, CIPFA data represents perhaps the most comprehensive picture regarding library service income. It collects annual information from public authorities with regards to the following income classes:
  - Overdue charges
  - Reservation fees
  - Lettings
  - Hire of audio and visual materials
  - Electronic revenue
  - Specific grants
  - Provision of library services to other authorities
  - Miscellaneous receipts from the public
  - Miscellaneous corporate income

Whilst this is helpful, it would be interesting to understand and track emerging trends regarding income generation in more detail in order to facilitate benchmarking in this regard. For example:

- Further breakdown of miscellaneous receipts from the public (retail income, professional services, donations)
- Further breakdown of miscellaneous corporate income (e.g. contracts to public agencies (non-library service) and private sector)

It should be noted that CIPFA statistics are not likely to be able to accurately capture the income generation picture of service providers outside of the public sector as their figures only include service points under statutory control, separate analysis of social enterprise and community led provision may therefore be required to better understand trends in library income diversification.
Programme participants

A total of 13 applications were received during the application window. The five pilots selected for the programme were:

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<td>Cultural Community Solutions Ltd</td>
<td>Creative work spaces in public libraries</td>
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<td>Gateshead Council</td>
<td>Holiday kids clubs, and co-producing income generation with community libraries</td>
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<tr>
<td>Upper Norwood Library Trust (Lambeth)</td>
<td>Income diversification through social enterprise</td>
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<tr>
<td>Poole Borough Council</td>
<td>A strategic approach to income diversification for public libraries</td>
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Other ideas proposed or already being implemented by other applicants included:

- Exploring the use of library space through a joint venture with a housing association and local community group.
- Developing philanthropic and donations-based income sources.
- Developing income from 3D printers and other small-scale fabrication technology.
- Increasing income from local history resources through enhanced and more accessible services.
- Support services to local enterprises.
- Creating and running chargeable courses in schools and Children’s Centres.
- Diversifying the scope of library cards, and exploring broader links with other cultural services.
By applying a methodical and strategic approach to reviewing its existing services Nottingham City Libraries has been able to establish plans to transform its music and drama lending service, from being heavily subsidised to one which is likely to become self-funding, with the potential to generate a surplus longer term. This has been achieved through benchmarking and site visits, process mapping, market testing and consultation with users, potential users and staff. These changes form part of a wider process that the City is pursuing to establish the service as a performing arts hub for the region.

**Context and background on existing activities**
Nottingham City Libraries (NCL), like many other library services nationally, is under increasing pressure to deliver quality provision with significantly reduced budgets. In response to these financial challenges, NCL has been reviewing current charging for services and opportunities. The opportunity to generate additional income was recognised as important in enabling the development of new and enhanced services which are sustainable and can compete in an increasingly commercial environment.

The intention was to develop new charged-for services to attract customers who wouldn’t ordinarily have considered public libraries as offering what they require or want.

NCL also identified that a number of current services didn’t recover the full costs associated with their delivery, and were priced out of line with comparable market rates.

Some examples of charges being reviewed include:

- **Local Studies** – based at Nottingham Central Library, charges are currently levied for commissioned research enquiries and reproduction of material. Enquiries that require more than 30 minutes are charged at £10 per 30 minutes; this is now being reviewed to better reflect in-house expertise and the quality of service provided, in short, to introduce charges that are more closely aligned to equivalent commercial rates for professional research activities. Further opportunities exist to expand the specialist family history courses as these are over subscribed and currently operate at a subsidised rate. New income generating activities being proposed include themed workshops, external talks, maps, newspaper cuttings and specialist digital copying.

- **Internet Access** – charges have been introduced for public use of PCs and internet access. With new and evolving technologies, there may be further opportunities to charge for other online and digitised services in future.
• Room Hire – Various hourly rates are charged and are dependent upon the type of organisation hiring e.g. community/voluntary, commercial/private businesses. Room charges are reviewed annually and benchmarked to maximise income where appropriate.

• Finally, and the focus of this pilot project, the charging of music and drama set loans was reviewed. The music sets service offer by NCL currently has 64 music groups subscribed, who pay an annual subscription of between £29 and £115 depending on the size of group. Drama sets are also loaned: 102 drama groups are registered, with 70 groups being active borrowers. Currently this is a free service. A recent major review of the music and drama sets services identified inefficiencies in their delivery, this being highly administrative involving significant staff costs and time. Loan of music sets has been charged for since 2008, however the income generated represents only a tiny proportion of the costs incurred by NCL; income for 2014/15 is estimated at £3,806 with an expenditure of £29,254. Nottingham has one of the largest local authority collections of music and drama sets in the country, but without a fundamental change to the delivery and costing model, it is recognised that this specialised service will soon become unsustainable.

Nottingham performance arts hub project overview
This project sought to explore the potential of developing a sustainable performing arts loans service as part of the Nottingham City Libraries cultural offer. To support amateur and professional music and drama groups within Nottingham, Nottinghamshire and beyond. The aim was to review existing provision and explore the scope for developing a more sustainable, comprehensive, and commercially viable service with a clear offer to customers that had the potential to expand within the East Midlands region. The project looked into opportunities for both reducing operating costs and increasing income.

Leicester City Libraries have similarly been reviewing their Music and Drama sets service. Due to the relative proximity to Nottingham, discussions have been taking place with Leicester City Libraries about the option of taking on their music and drama sets stock and exploring whether Nottingham could offer an enhanced Performing Arts service to operate on a regional level lending to Leicester based groups. In Leicester, there are 86 groups subscribed to the music service and 29 registered drama groups, all of which are charged an annual subscription.

The objectives of the project are to:

• Provide an efficient, fast and high quality performance sets loan service to music and drama groups in the East Midlands (initially Nottingham/Nottinghamshire and potentially Leicester/Leicestershire/Rutland).

• Implement a charging structure that enables long term sustainability and full cost recovery.

• Improve access to a comprehensive selection of stock for music and drama groups, with the opportunity to request items online.

• Implement an IT infrastructure that will improve delivery of the performance sets service, making it more efficient, speed up processes and offer better tracking.

• Increase the customer base and better understand their requirements when purchasing new stock.
• Revise Inter-Library Loan charges to better represent the true cost of this provision.

• Longer term, establish a Performing Arts Hub, which can provide a wider offer, creating a regional Music and Drama learning resource, which can both support and promote cultural activity.

**Activities undertaken**

To develop a full business case for the Performing Arts Hub, a number of activities took place in the lead up to and during the pilot project:

• A detailed process mapping review was undertaken in June 2014 for both music and drama. This highlighted inefficiencies and inconsistencies in the way in which groups access and receive the service. The study identified that the services were highly administrative (paper based), giving opportunity for streamlining and reducing running costs through improved IT infrastructure.

• Benchmarking exercise with other libraries to review different operating models and pricing structures for the loan of music and drama sets, including a visit to Surrey Performing Arts Library.

• Development of a fully costed IT system proposal to enable on-line registration, viewing, ordering, delivery/collection options and payment on-line.

• Partnerships developed with Leicester City Libraries and Making Music to establish working relationships and explore potential for closer collaboration to improve the service.

• Market research was undertaken with existing users in Nottingham and Leicester to test the customer response to the proposed service, IT system and pricing/charging structure.

• Future costings and usage projections developed, based upon the market research.

**Key findings**

Based on the feedback and research undertaken through this process, the creation of a regional Performing Arts Hub for Nottingham and potentially Leicester/Leicestershire/Rutland (LLR) would be supported by its current customer base if the system is designed around customer needs and its costs are set realistically.

Whilst retaining the existing users in Nottingham/Nottinghamshire and LLR is regarded as a priority, due to the small numbers currently registered, there will be a need to grow the user base locally as well as expand the service regionally. The potential for this was identified from the market research undertaken which indicated that a regionally based service could support up to 240 groups for music alone. A more detailed explanation of how the courier service would work would also alleviate concerns expressed about access to materials within the proposed service offer.

Longer term it may be necessary to broaden the service offer to encompass larger organisations and institutions, support other emerging cultural activity, and be responsive to new technology, such as digital downloadable formats rather than paper form. There will also be the need for substantial marketing activity inside Nottinghamshire, LLR and beyond. Marketing will be tailored and targeted towards various user groups with consideration to type of group, musical interest, geography, and specialist communities of interest.
Target markets include:

- Current and lapsed users of the service in Nottingham, Nottinghamshire and LLR.
- New groups within the amateur music and drama sector who may not currently be aware of this service offer from libraries.
- Educational institutions, businesses and other organisations who offer music and drama courses and performance opportunities e.g. links to local theatres.
- Groups which have a specific ethnic or cultural emphasis.

Benchmarking
Benchmarking with other authorities highlighted a varied pattern in relation to charges, loan periods, memberships, and size of stock. It also revealed limited effective use of IT, with services remaining highly administrative and paper-based, Yorkshire Music Library being the exception. Surrey Performing Arts Library and Yorkshire Music Library were studied as best practice examples for delivering the service. The latter operating as a Social Enterprise, with nearly 2,000 subscribers and gaining 20 new users a month.

Competitor analysis
- The main competition comes from commercial publishers by direct hire and purchase. Generally, direct hire from the publisher is expensive, making it restrictive for amateur groups who wish to perform.
- Another main competitor is Yorkshire Music Library, a Social Enterprise which has been running since 2012 following the closure of the former Yorkshire Libraries and Information Music and Drama Service (YLIMDS) in Wakefield. Customers can view the catalogue and access their account online to request and reserve items. Customers can become a member free of charge but must register; customers then pay per set loaned and delivery is by courier.

The market research identified that groups would prefer to support their local library if the cost and logistics are favourable. The Nottingham Performing Arts Hub pricing model has been set with consideration to the competition. The proposed improvements to IT, with the ability to view, order and pay online, as well as the opportunity to reserve items further in advance than is currently the case, provides a unique selling point. It is envisaged Nottingham can compete on timeliness, quality and ease of access at a competitive price.

Inter-Library Loans review
Inter-Library Loans (ILL) or inter-lending refers here to the borrowing and lending of music sets between library authorities in the UK. ILL offers members access to a much wider range of musical works. To existing NCL and LLR customers, ILL is an important part of music sets provision, with 66% of users rating it as extremely important. However, it is complicated to service this demand which accounts for 65% of staff time dedicated to the music and drama service. Furthermore, Nottingham and Leicester’s stock together would be insufficient to create an effective stand-alone service. Nottingham holds a stock of circa 46,000 scores and with the potential addition of Leicester’s 17,000, cannot match Yorkshire Music which holds approximately 300,000. Within the East Midlands Regional Library Service (EMRLS), Nottingham is the third highest supplier and the sixth highest receiver. As one of three net-lenders in the region, Nottingham bears a net cost
to servicing requests from outside the authority under the current arrangements and must balance this better to make the service sustainable in the future.

To significantly reduce the cost of providing ILL, a new Pay As You Go (PAYG) charging structure, non-refundable ILL admin charge and raising charges to other authorities outside EMRLS is proposed. The ILL system will still require some administration but the new IT model will help to simplify processes, and thereby save considerable staff time.

**Proposed pricing model**

During the course of the pilot project, charging mechanisms and pricing structures were researched and consulted on in order to establish a proposed revised charging structure, as set out below:

<table>
<thead>
<tr>
<th></th>
<th>Existing pricing structure</th>
<th>Proposed PAYG pricing structure per item per month</th>
</tr>
</thead>
</table>
| Leicester music subscription | Annual subscription: Up to 30 members £29  
31 – 60 members £60  
61 – 90 members £85  
91+ members £115  
Professionals £300 | Vocal Score – £0.35  
Small Vocal – £0.25  
Part Song – £0.10  
Orchestral set – £6.00 |
| Leicester music subscription | Annual subscription: £50 per group |                                    |
| Nottingham Drama | No charge | Annual subscription: £50 per group |
| Leicester Drama | Annual subscription: £50 per group | Annual subscription: £50 per group |

Responding to the findings from the market research, charges for music sets will be PAYG, set at monthly (rather than 4–6 month loan) to allow more flexibility to groups and allow a higher annual turnover of stock.

**Capital/resource investment requirements**

To implement proposals for the new service there needs to be an investment in both development and working capital. A total of £45,000 investment has been identified in order to implement the project proposal comprising of:

- Short term investment including market research costs, and IT consultancy. £5,500 was secured via a combination of Council funding, and £2,000 from the pilot programme supported by Arts Council England.

- Medium term, implementation of the IT system to be complete later in 2015 has been quoted at £16,500. A further £20,000 investment is required for cataloguing and database development for the new service including transfer and integration of stock, as well additional costs for staffing and training during transition. Investment from the local authority is likely on an ‘invest to save’ basis.
Viability
As a baseline position, in 2014/15, the operation of music and drama set loans represented a net annual cost of £19,500.

By implementing the project proposal, NCL expects the service to break even in less than three years, ultimately generating an annual net surplus in the region of £14,000 resulting in a self-sustaining delivery model. The proposals justify the initial investment on the basis that these costs will be recovered within 5 years of implementation through savings, when compared with the baseline position. This transition is achieved through a combination of more efficient delivery supported by better use of IT, along with more considered approaches to pricing.

Whilst overall the income generation projections are modest, the proposal is successful in identifying a viable model to sustain and enhance a valuable service that was at risk. Furthermore, there is scope to increase the income generation potential by diversifying the service offer long term.

The cash flow forecast was developed from a model based on a range of assumptions, informed by market research, benchmarking and analysis of past performance.

Some of the key assumptions made to inform projections include:

Income:

Music service

- A 10% growth in the number of groups registered year-on-year to work towards potential growth target of 240 music groups as identified in the market research.

- Take up 80% of the current number of registered music groups in NCL and 66% in LLR.

- Calculated using charges as outlined in proposed pricing model based upon an average size and number of sets on a 4 month loan.

- ILL income is estimated based upon non-refundable £6 admin charge for requests and additional income from inter-library loans supplied to other authorities outside the region.

- Income from PAYG charges includes loans made from NCL stock and ILL sourced stock.

Drama service

- Take up 66% of the current number of registered drama groups (NCL and LLR).

- Charges – £50 annual subscription.

Expenditure:

- Staff costs (music) to increase by 50% in year one to manage the increase in stock and administration of taking on Leicester Stock.
• IT Investment cost is based on a fully costed proposal and 10% contingency.

• It is anticipated that an increase in the replacement stock budget will be required to improve the quality of stock aligned to the new service. (£10,000 p.a. for first two years and then £5,000 in subsequent years).

• Building overhead costs worked out as an apportionment of floor space used for trading activity as a percentage of utility and other building costs.

Legal issues / trading vehicle
In the short term the proposed service will be delivered by the local authority, with the focus on working towards full cost recovery for its delivery. However, there may be an opportunity in the longer term for this to be operated as a separate Social Enterprise. To implement the new charging policy and service offer, new terms and conditions to groups that register will need to be introduced, requiring legal input. Any surplus achieved would be proposed to be ring-fenced and ploughed back into the service.

Impact on library service / broader impacts
The pilot project work identified a number of potential impacts on the Library Service:

• The long term vision is to increase and broaden the number of groups using the service and for it to operate on a regional basis. However, due to changing the service offer there may be a potential drop in take-up from existing users. It is hoped this will be minimised by improvements to the service which will appeal to other groups, particularly the IT and greater flexibility on advanced reservation.

• Longer term, anticipated benefits of the project are that it will establish a regional Performing Arts Hub providing an improved offer, creating a learning resource which can both support and promote cultural activity in Nottingham and regionally.

• Through working with Making Music, this project has generated interest from other authorities and providers, e.g. Somerset, Yorkshire Music Library, and stimulated a debate for a national solution to the loan of performing arts material through regional hubs.

• For the service to be effective, a bespoke database catalogue would need to be developed (from scratch) and operate independently from the current library management system.

• The project would establish a new way of operating for many user groups e.g. viewing payment and ordering online. Introducing such a significant change will require significant training for both staff and customers, particularly with the new IT system being proposed.

• Use of IT to develop greater self-service, and streamline administrative functions will enable staff skills and knowledge to be used more effectively to develop and promote the service and provide specialist advice.
Key learning
A number of approaches and techniques were used in developing the pilot project which have proved effective for identifying issues and solutions for the proposals. These included:

- Benchmarking and site visits.
- Process mapping.
- Market testing and consultation, including focus groups.
- Engagement of staff involved in the current service.

In addition, NCL identified the following benefits from undertaking the feasibility project:

- The project benefited from the involvement of Making Music as a national “interested” partner providing advocacy and network contacts, as well as being an independent and respected facilitator and promoter.
- Gaining support and commitment from the Head of Culture and Libraries in developing a regional solution was crucial to giving the project momentum and providing initial up-front resource and capacity.
- Undertaking a feasibility project involving comprehensive market research and testing, benchmarking with other services and financial modelling with projections has provided a robust business case for a key decision to be made.
- The establishment of a multi-skilled team has enabled the project to progress and achieve its objectives within a very short timescale. Having a dedicated staff resource with specific skills e.g. IT, project management, business management and service specific knowledge, has been crucial to this progress.
- The importance of inter-library loans (ILL) indicates that not participating increases the risk of a drop in customers for this kind of service. Offering ILL does involve costs, but its availability will be an attractive offer for new groups or existing non-users. Nottingham would benefit from involvement in regional and national negotiations on ILL charges and lending levels as well as working with the International Association of Music Libraries (IAML) to improve processes, in particular Encore the national database of music sets held in libraries.
- Careful consideration was required in developing up the pricing model for the service, which needed to take account of: matching price against demand; benchmarking and competitor levels, the required break-even point and customer feedback and engagement on pricing options.
- The success of the proposal is dependent upon its scalability, operating on a regional or wider basis. For some specialist library services, like Performing Arts sets loans, there are opportunities and benefits to authorities working collaboratively to deliver these on a regional or national basis.
- Benefit was gained from having an independent mentor from Locality who was able to provide a critical overview of the proposals and offer impartial advice.
Case studies
Poole Library Service

By adopting a strategic approach to developing income generation for the library service, Poole Library service have set in motion a range of initiatives which are resulting in fundamental changes to the service. The changes are expected to be of significant benefit to Poole Libraries, its staff, customers as well as the wider community. This case study provides an overview of their experience and learning, with some more specific focus on a pilot project to develop their room hire and café income via thematic events.

Context and background on existing activities
Poole library service (PLS) operates 10 public libraries and 1 mobile library across this large coastal town and seaport located in Dorset, on the South Coast of England. Together they serve a resident population of 154,178.

In November 2014, the primary income strands were identified as: Fees and Charges, Lettings and Library Cafés.

A comparative analysis with the income of the average English Library service indicates that income from overdue charges was approximately 17% below the national average.

The financial performance of the Library Cafés, and in particular their net profitability was difficult to isolate due to the way overhead and staff costs were accounted for and presented in the available information.

Lettings were performing relatively well in comparison to other authorities, about 30% higher per head of population than the national average. (CIPFA, 2014)

After reading and assessing the first Locality report ‘Enabling Enterprise in Libraries’ published in March 2014 and the subsequent Locality report ‘Income Generation for Public Libraries’ published in June 2014, Poole Library Services undertook pre-feasibility work to inform their Financial Plan and Business Plan for 2015/16, and in particular to decide which income generation ideas they will take to market.

As a consequence a number of income strands were explored to increase income generation.

Scoping opportunities
Staff within Poole library services utilised the Ansoff Matrix, to provide a framework for conversations around ideas for development.
Through this approach, the team considered how they may:

- generate more income from existing activities and service users (market penetration)
- develop new products to existing users, e.g. birthday parties, (product development)
- market their existing services to new users (market development)
- develop new services they could develop for new audiences and customers.

The framework was also used to help the team prioritise which opportunities and activities they should prioritise in the short term in order to increase income.

**Market analysis**

In order to inform their work in identifying relevant and appropriate income strands for their community, Poole Library Services undertook an analysis of local demographic data for each of the libraries. "Mosaic", a socio-economic classification tool, was utilised to better understand the customers in each area. This approach helped to develop a more specific focus for service offers and targeting of promotion. It helped for example, establish the development of more family orientated services in Hamworthy & Rossmore Libraries as a focus.

Following some comparative analysis with other neighbouring authorities, it was apparent that there was likely to be scope to increase income generation by reviewing fees and charges.

Income from overdue charges were around 17% below the national average per head of population. However, more significantly, reservation charges were not levied on titles held in stock in Poole Libraries.

A range of changes are now proposed which when combined are anticipated to have the potential to generate up to an additional £38,000 per year, almost doubling income from charges and fees.

The majority of this will come from the introduction of a universal reservation charge for the first time set at £1, anticipated to have the potential to generate up to £29,000 of additional income. Pending a move to join the Libraries West Consortium, the reviewed reservation charge gives the service parity with other authorities in Libraries West and Dorset, a neighbouring authority who currently ask for a £1 donation.

The remaining £9,000 of additional income is likely to result from:

- Charges for replacements tickets.
- 20% increase in overdue charges.
- 10% increase in fines.
• More effective use of management information in order to recover fees and charges.

Alongside the introduction and increase in some charges, the service is communicating the message that service charges are an important source of income and the increases will help offset some of the administrative costs incurred in providing the service. Also that most things in Poole Libraries are free and some customers are eligible for a concession.

Library cafés
Cafes operate in two of the Boroughs libraries, one was previously operated by a third party and taken over by the authority in 2012.

Net income across the two cafes is low at less than £4,000 per year. Part of the strategy to increase trade is to link café services to more specialised offers such as birthday parties.

Both cafes are managed by a 0.5 FTE catering supervisor and supported by library assistants and volunteers, keeping staff costs low.

The cafes are well supported by the local community and have real potential for expansion. However this expansion requires a more business-like approach and Poole is now taking a more strategic approach to improving the viability of the café offer.

In 2015/16 Poole plan to generate additional cafe income of £2000 by marketing a birthday party offer.

Lettings
In the year ending March 2014, PLS generated £23,000 from room lettings. Although this was approximately 30% higher than the national average (per head of population), room hire was identified as an area for potential income growth.

In the past, a large proportion of room hire income has come from the children’s centre. Subsequent decreases highlight the risk associated with reliance on a small number of customers for rental income.

By adopting a strategic approach to increasing lettings, it is anticipated that income is likely to increase by approximately 30% at the end of Year 1, generating an additional £7,000 per year.

During the pilot project, Poole library services have:

• Audited all available space and analysed capacity
• Analysed costs and pricing to ensure that services are priced such that they account for full cost recovery
• Benchmarked prices with other providers
• Identified some specific markets and targeted promotion.
**Birthday party offer**

Linked to the review of lettings, a potential market for specialised birthday party offers was identified targeting the Hamworthy & Rossmore Libraries:

Following on from the “Mosaic” analysis, Poole have decided to trial a service targeted at Key Stage 2 or ages 7-11 years pupils.

It is anticipated that this will increase the café income by approximately 50%. The first party was scheduled for the end of March 2015. It took longer than anticipated because detailed work was required to design the offer, consider cost and price and agree terms and conditions.

The intention is to offer a unique birthday experience that capitalises on the Libraries resources, offering themed events linked to characters from popular children’s books.

As well as providing a unique and distinctive offer for children’s parties, the service is also intended to promote the message that reading is fun.

The first theme is Charlie & the Chocolate Factory and the focus is on playing games, reading books and storytelling, enjoying a party tea and having fun with your friends.

Each party will run for 90 minutes, with a 30 minute start-up and 30 minute clear up, 150 minutes in total.

There are 2 main menu options, standard and vegetarian.

Word of mouth has created real interest in the local community, confirming the initial research. Children’s Centre’s will promote the offer as well.

Poole Library Services have created some initial publicity and begun to start taking bookings in March 2015. Once they are confident that any snagging issues have been resolved they intend to advertise the services more widely from May 2015 including use of social media and third party websites such as mumsnet.com.

The publicity includes the line: “Have you ever wondered what it’s like to be in a library when it is closed? Well now’s your chance to find out!” PLS will offer parties when the library is open as well but are seeking to maximise uptake outside of core hours to make better use of existing space.

Initially parties will be priced at £17.50 per head for 12 children.

PLS anticipate a minimum profit of £1,680 at the end of Year 1.

**Scoping non library service public contracts**

Poole library services have recognised the potential in supporting and delivering a broader range of public services and have begun engaging in negotiations with a range of public agencies with a view to exploring options for joint working and contracting. It is envisaged that in the longer term these types of contracts will be increasingly significant sources of income, both direct and indirect, for the service.
PLS is keen to make best use of the “Assisted Digital” agenda, building on the well embedded Digital Inclusion offer. They recognise this will require new partnerships to be in place to extract maximum value from the new business opportunities coming to market from government departments and agencies.

**Police Services:** The library service has had a series of meetings with the local police service. An agreement is now in place that means the police service will have a presence in various Poole Libraries bringing safety information to life. Dorset Police want to maximise the enquiries going to them on-line, using the People’s Network in libraries to do that - it will be delivered in the main by volunteers recruited by Dorset Police. This partnership, combined with increasing numbers of transactions going through the self-service terminals, allow for further efficiencies to be considered for the library service without the need for additional funding.

**Citizens Advice Bureau (CAB):** Ongoing discussions have resulted in the Poole CAB establishing a presence in several of the libraries, including the Central Library. This will improve access to the service and promote the CAB information available on-line. This will be delivered in the main by volunteers recruited by the Poole CAB. This partnership also has the potential to allow for further efficiencies to be considered for the library service without the need for additional funding.

**Borough of Poole Housing:** A pilot project was undertaken to explore the role of the library in supporting services for local people. Documents required for housing applications are scanned at the local library by applicants, with help from library staff if required, at no cost to the individual and sent by email directly to the Housing Department, reducing the need for physical visits and so providing a better service for recipients. A successful pilot project in one of the libraries has now led to the service being rolled out across all the branches. This service provides proof of concept that the service can harness existing technology to improve access to other services and encourage use of the local library by local communities.

**Retail**
Piloting a retail offer has taken longer than initially envisaged and has been a steep learning curve for the service. PLS recognise that they will need to focus much more on direct trading in 2015/16 to ensure success. To date PLS have trialled the following:

- Sale of greeting cards – following an expression of interest from a community seller cards are sold in three libraries.
- Sale of reading glasses – trial in one library.
- Sale of educational posters – trial in three libraries.
- Working with Poole Art Service to develop a new library gallery space to sell local artists works of art.
- Book related merchandise/sale of books.
- Central Library Shop – working with Dolphin Shopping Centre and Museum to create initial offer – initial trial to start in May 2015.

**New/emergent ICT services**
As a consequence of launching the new Poole Enterprise Library, meetings took place with several local ‘maker’
groups. Two of the groups now meet regularly in Poole Central Library. PLS are currently grappling with IT issues and progress has been slow. However, they have established a successful meeting venue and are building a relationship with each group. With no additional funding at this time, it is important the groups are self-starting and can make best use of small amounts of funds to support them in developing the offer.

**Philanthropy**

Poole Library Service has also been proactively seeking to increase donations to support the service and have recently launched a web page to promote this.


This is supported at a senior level in the Council. The Economic Development Team and other key partners helping in developing the Enterprise Library are also assisting in identifying potential supporters.

**Payment systems**

With an increasingly diverse income base, the efficiency of payment services are being looked at. The service is exploring the scope to do more things like Chip and Pin counter services, and also Radio-frequency identification (RFID) technology to make it easier for ‘one stop shop’ services and links to Police and CAB. Further work is required to identify a source of funding for these changes.

**Impact on library service/broader impacts**

With a wide range of developments being explored, the impacts on service users are likely to be varied. Several of the new activities are attracting new audiences to engage with the library services. For example, the development of birthday party offers is expected to attract new children and parents to the library service helping to generate new members. In the short term, revisions to fees and charges will have the most significant impact on income. Whilst there is likely to be some impact on usage as a result, the revisions are in line with the practices of other library authorities.

**Legal issues/trading vehicle**

To date, income generation activities have been undertaken through the Local Authority. During the course of the project a visit was undertaken to Explore York and PLS attended a seminar to explore the mutual model run jointly by the Arts Council/Cabinet Office. As a consequence Poole library services have identified the need to consider the kind of organisation they need to become to deliver their Business Model in the future.

**Key learning**

**Staff roles and attitudes/culture**

Staff have been required to adopt a more entrepreneurial mind-set and needed time to make sense of this change, develop and deepen their understanding and make links and relationships between services. This has involved staff at all levels across the service. The ‘Change Curve’ has been a useful tool to help understand where people are in the journey through change and as a consequence much thought has been given to tailored approaches and effective communication to help staff through this transition successfully.
Skills and experiences
PLS needed to work hard to build financial skills, particularly improving approaches to understanding costs and pricing goods and services. They had to develop skills and confidence to challenge the financial status quo and practice being able to ‘pitch’ successfully.

Challenges or barriers
There are any number of challenges and barriers as a consequence of being in a local authority. It is important to differentiate between those limiting factors and constraints that can be overcome and those that cannot.

Drivers for change
There are several drivers currently acting to catalyse service transformation and developments. These include:

- Sieghart Review.
- Current economic situation for local government.
- Society of Chief Librarians and their work with DCMS and Arts Council.
- Demand for more personalised services.
- Technological change and new products.
- Community cohesion and the need for neutral community space.
- Localism Act 2012.

Management information
This work reinforced the need for timely, accurate and appropriate management information if the business is to stay on course so that appropriate remedial action can be taken if needed.

Approach to transformation
If transformation is considered to be profound, fundamental and irreversible then this study and PLCs role in it provided the catalyst to begin that journey to transform the service in Poole. That happened in a far more fundamental way than was first envisaged but, ultimately, will be of major benefit to Poole Libraries, its staff, customers as well as the wider community.
Gateshead Council sought to develop two ideas during the course of the income generation pilot project. A school holidays service programme for the central library and a broader scoping of localised services and income strands for one of the community libraries.

The pilot project revealed that the library service was well-positioned to provide a creative, educational and distinctive holiday club offer that can generate a modest amount of income for the library service in time. The pilot project demonstrated that such an offer can also benefit the service in terms of engaging new audiences, and developing staff skills. User and staff feedback were both encouraging - indicating further scope to develop this area of activity to support the library service.

Scoping potential for additional localised services and income for the community library identified a wide range of opportunities. Subsequent prioritisation and market testing highlighted the importance of considering local context, as well as in enabling an agile approach to testing and piloting activities.

**Case studies**

**Gateshead Library Service**

Gateshead Library Service

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**Library Holiday Club**

Tuesday 17 - Thursday 19 February 2015

9am - 4pm • £15 per day or £42 for three days.

Gateshead Central Library

An action packed holiday club for children aged 8 - 11 years. With crafts, technology, books, games and lots of fun.

To find out more call 0191 4338494 or email christinemyhill@gateshead.gov.uk

To book call 0191 4338420 by 5pm, Tues 10th February

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**Context and background on existing activities**

Shortly before their involvement in the programme, Gateshead had recently undergone significant service transformation.

The Council supported the establishment of five volunteer managed libraries in July 2013. These five volunteer libraries, all Charitable Incorporated Organisations (CIOs), are in the process of establishing themselves, and with support, business planning for the future. The five libraries are increasingly working together and some have developed specific ideas to pilot. Within the service delivery model operated by Gateshead and its partners, the local authority provides book stock and operational support, and the community libraries are responsible for staffing, generating income from a range of fundraising events and provision of value added activities.

The library service’s main earned income strands were previously from book overdue charges, AV rental, ICT membership subscription, and room hire. The service was generating income from a range of activities and events, and these were priced to balance good attendance with the need to generate income. Events income in the last financial year was approximately £12,000.

The activity programme run from the libraries included a range of interesting and innovative events and services...
that had been developed and trialled with a number of partners – including, the Friends volunteer group, Makerspace, technology companies including Ubisoft, Newcastle University and the Arts Development service. The events were typically delivered on special e-days which proved particularly popular. Gateshead had developed some of this work earlier via the Carnegie Trusts Enterprising Libraries Programme.

Summary of proposal overview
Gateshead Council sought to develop two ideas during the course of the income generation pilot project with Locality.

- A school holidays service programme for the central library; and
- A broader scoping of localised services and income strands for one of the community libraries.

Children’s holiday club
The pilot project sought to explore how packaging a diverse programme of activities within and around the library could be developed into a children’s holiday service, building on the success of previous one-off events. Activities included animation workshops, video and book review editing, and Minecraft activities. To ensure variety over the week, the range of activities also included environmental activities in the community garden and arts and crafts workshops. The aim was for activities to, by design, encourage creative engagement with books and promote reading for pleasure.

The development of a varied programme for a holiday activity club, with a strong technology/reading component was recognised by the library service as something that could be very popular, generate meaningful income and serve as a promotional tool for library services. All the individual components of this activity week had been offered as individual activities. However, charging for individual activities was typically at a minimal rate. The library service wanted to explore the potential for offering a more comprehensive holiday club that could generate more significant income.

The proposed model involved selling holiday club places direct to parents. Existing staff and library spaces were allocated to the project. The main costs were therefore opportunity costs - relating to other uses the staff and space could have been put to - rather than representing an additional outgoing.

By packaging established activities together, it was originally estimated that £1,000 in income could be generated in a week, from a group of 10 children, with activity weeks potentially being offered for up to approximately 6 weeks per year. It was thought that the holiday club would provide an effective way of engaging with groups of children who would then become advocates for the library service and encourage the uptake of broad-ranging services throughout the year.

The holiday club idea was piloted during the February 2015 half-term school holidays.

Challenges
The project required staff to engage in some activities in which they had only limited experience. Staff were also required to undertake specialist training in child protection and first aid, and were subject to Disclosure & Barring (DBS) checks. Issues of behavior management for participants also arose, but were managed effectively by staff in the event.
Enabling support
The local authority’s Leisure Services department provided an invaluable source of information and support during the planning period. They have been running holiday schemes around sport for many years, so they were able to advise on practical issues as well as training needs.

Child protection training was well received by staff and was regarded by most as helpful and informative. First Aid training also afforded staff the confidence to deal with any situation that may have arisen whilst in sole charge of children for extended periods of time.

The holiday club service
Spaces were limited to 10 children per day. 8.45am – 4pm. The cost of the sessions was £15 per day per child or £42 for the full three day holiday club. The sessions were aimed at children aged 8-11 years. The main competitor for holiday clubs in Gateshead was identified as Leisure Services, although they work with a very different target audience. The price charged by the pilot was slightly higher than the price charged by Leisure Services. £15 per day as opposed to £10.

The lead-in period was quite short, approximately two months which limited marketing and development opportunities. However, a wide variety of promotional activities took place to promote the club including emails to all Council employees, and all Gateshead schools. Posters and flyers were produced and distributed in schools and local shops, and residents groups were informed. The council and libraries websites were used to promote the sessions, and social media including Facebook and Twitter were also used. The club was also promoted to families attending other library events.

Attendance ranged from six to eight children per day over the three days.

One child was registered and paid for by their school. Total revenue generated was £288. During the sessions, a series of activity stations were set up for a range of activities.

Parents/carers evaluation
Feedback from participants and parents was overwhelmingly positive. All of the parents said they would be interested in future holiday clubs and thought they were good value for money. All of the participants made new friends, and had fun. The vast majority of participants also learned new skills. Three children registered for additional days at the end of their first day.

"James LOVED it! Thank You"

"The girls have had a fab time, I’m sure they will be talking about it for MONTHS to come!

Feedback from Staff was positive, and those involved were enthused by the experience.

Financial performance
Initial income forecast for the holiday club proved to be overly ambitious. Market research resulted in the daily rates for the holiday club having to be lower than originally anticipated in order to compete with other holiday club providers. Future development of this area of work could include extending the hours enabling a higher daily rate to be charged. The success of the project in terms of feedback from the participants, parents and staff involved nonetheless underlines the potential to scale up a holiday club service and extend the offer in future.
Opportunities for development include:

- Increasing the intake up to 20 children.
- Extending operating times e.g. 8:30-5:30 instead of 9-4.
- Replicating provision in other branch locations.

It is projected that it may be reasonable to generate in the region of £6,000 from similar holiday club activities if developed further on a per branch basis.

**Impact on library service/broader impacts**

Significant learning has taken place over the course of the pilot – including, greater staff awareness surrounding the issues of safeguarding and educational play. In addition to the modest income generated, new users were introduced to the library service and there were a range of social and learning outcomes for the participants involved.

The second aspect of work undertaken in Gateshead to explore income generation focussed on one of the five community libraries established in 2013. The timing of the pilot coincided with volunteers having to consider long-term viability plans for the library. The aim of the pilot was to scope a range of options for income generation and move towards test trading.

**Low Fell Library and community libraries**

Prior to the programme, Low Fell Library association had been formed for just over a year. Their efforts had focussed on delivering essential library services. The association had good volunteer numbers and was developing into a strong community organisation.

During the pilot project, the association was planning for the future including identifying ways that income could be generated. Initial ideas to explore included:

1) Amazon (or similar) delivery lockers (not currently offered at any venue in central Low Fell).
2) Sale of coffee and, possibly, other refreshments.
3) Increased hire of community room, notwithstanding the need to ensure that hire charges are competitive in the marketplace.
4) PV cells on the roof (the library has a flat roof, but not overshadowed, and other flat roof buildings nearby have PV panels).
5) Charging for activities such as Rhyme Time, or for ancillaries such as juice and biscuits.
6) Support for job seekers and to potentially equip/train some of the volunteers to be able to better assist job seekers.
7) Health promotion services.

Work under the programme with Low Fell Library split into two parts:

- Immediate options for income generation; and
- Longer term options around the re-shaping of the building.
Delivery lockers were highlighted as a possible income stream at the start of the programme. These did not turn out to be viable because there are already several places within a mile of the library which offer this type of service, and the library does not have long enough opening hours to compete. The community room is currently priced at standard Gateshead Council rates which are significantly higher than local church hall and other voluntary run facilities. As a result, the community room was not seen as a significant source of potential income. Charging for some activities is now underway - generating modest amounts of income – and two additional income generation options are currently being pursued:

- Internet trading in books. The library receives a lot of donated books and some of these are quite valuable. The main reasons for testing out this approach was the fit with the volunteers and the way they work. There are some volunteers who are interested in technology, and the processes of listing and packing up sales can be done alongside the usual work in the library. This approach has had some success.

- Art exhibitions. There is space to display pictures and other art work in the community room. Links have been made with local artists and a commission on sales agreed. The association is planning to hold events in the library to view the pictures in order to boost sales.

In the longer term, the Association is exploring options around re-shaping the building. It is a large open space with a very large desk in the centre. The public space is all on one level. There is a lower floor with storage and rest room facilities. Feasibility funding is currently being sought to explore options to remodel the building that could allow greater income generation. A key challenge has been around timescales. The initial two year volunteer library agreement runs out shortly. The main income to the Association during the initial two year agreement was running successful events – including a Christmas fair, and coffee mornings. The new agreement will see the association taking on more responsibility for the building and its running costs. It has been challenging to identify new streams of earned income whilst getting to grips with the practicalities of taking responsibility for the building.

**Key learning:**

**Holiday club**

- Advice from services already involved in similar types of activity was invaluable. Leisure and sports services already generate income from holidays and sports clubs. They can be an invaluable source of information and support for library services considering developing alternative holiday club offers.

- Holiday clubs for under 8’s require OFSTED registration. This means that working with this younger age group requires significantly more development time and initial investment in order to comply with statutory requirements.

- Developing holiday clubs requires investment in staff skills - this may include child protection and first aid training, as well as softer skills in relation to working with children and behaviour management. However, these skills are useful for the team in the wider context of their roles within the library service. Disclosure and Barring Service Checks are also required for staff involved in delivering activities for children.

- Innovative holiday club programmes can help attract new users to the library, helping to promote and raise awareness of the full range of services on offer.
• Market forces can dictate prices that make it difficult to recover full costs from holiday club activities and room hire, or, indeed, to generate a surplus. The availability of other low-cost (often subsidised) holiday clubs makes the business model challenging in Gateshead. However, feedback following the pilot holiday club revealed that parents may be prepared to pay more for the service which is distinctive from other holiday offers.

• Experience from other areas was that increasing the length of day to fit with parents working hours can command a premium price.

• Schools funded placements, via the pupil premium, represent a potential source of income to complement activity programmes. There may be greater scope for library based activity programmes during holidays to target and offer programmes that help raise attainment of disadvantaged pupils going forward from an income generation perspective.

• Initial market research would have been useful to establish interest/need for a holiday club – this was not possible in the time-frame for the pilot project.

• Analysing existing resources and capacity can identify opportunities for increasing income. In this case, the large exhibition hall was not being well used during the day time, so the opportunity cost of utilising it for the holiday clubs was very little.

• Where communities take on responsibilities for managing library services and branches, immediate short-term challenges relating to operation often take precedent over long-term financial planning and sustainability.

• Reconfiguration of space is likely to be required when transitioning from a fully funded public library to a community run service in order to allow for a much higher degree of income generation from within the space.

• Income from room hire can be challenging if competing with other local, voluntary run facilities that aren’t necessarily priced on a full cost recovery basis.

• For community libraries, there is unlikely to be a single solution to income generation. A wide range of opportunities exist, but what is appropriate and viable will depend largely on the local context and the library building itself.

• An agile approach to developing income strands, testing what works and trying new things, takes time but offers the best form of low-cost market research to inform longer term plans.
Upper Norwood Library Trust (UNLT) is almost three years into a journey towards establishing a community enterprise to take over the management of the library service and building for residents of Crystal Palace. The journey began as a campaign led by local residents passionate to save their local library. It has since evolved through ongoing development work, business planning and negotiation with local authorities, and is now at a point where funding agreements are agreed in-principle, and a formal asset transfer planned for September 2015.

Although the timescales for the transfer have slipped on more than one occasion, the experiences and learning from the development phase point towards useful learning about both opportunities and challenges regarding income generation for the community group.

The work to date points to the potential for viable community enterprise models for public libraries that are capable of combining the benefits of paid and professionally staffed services with some of those from the more common volunteer-led models that have emerged in recent years. In particular, when they draw upon the experiences of established community enterprises.

Context and background on existing activities

Upper Norwood Library Trust

Upper Norwood Library Trust is a registered charity and company limited by guarantee, set up by residents and community activists to support the long term sustainability of the Upper Norwood Joint Library. The Trust was established in 2012 by residents and interested parties who had been actively campaigning for several years against the threatened closure of the library. The board benefits from the skills of local residents who have substantial experience developing both social and commercial enterprises.

The group established the charity with the intention that it would operate as a social enterprise and charged itself with devising a plan to ensure the long-term sustainability of the library. An added complication for the group was having to deal with a joint library controlled by two local authorities. The group’s initial aim was to build a proactive proposition for managing the library as a community resource in the long-term.

In response to the challenge of reducing budgets, UNLT resolved to take over the management of the library service and ownership of the building as a community enterprise. Since 2013, the group has been engaged in dialogue with both the London Boroughs of Croydon and Lambeth to take forward their plans.
During this time, negotiations have been ongoing in relation to both the transfer of the building and service contracts. Although the transfer of the service and building was originally to take place during 2013, ongoing service consultations, funding discussions and lease agreements have resulted in significant delays. A firm offer for a three year funding agreement from Lambeth and Croydon Councils has now been made, with the intention of an asset transfer completing in 2015, followed soon thereafter by a service transfer. UNLT are now gearing up to take over ownership and management of the building as a community hub from 2015 and to take on the delivery of the Library Service under contract from late-2015.

The Upper Norwood Joint Library
The Upper Norwood Joint Library is the only remaining independent, joint-funded public library in the country. It serves the residents of Crystal Palace, a district where five boroughs converge. Under the current management arrangements, the library offers lending, reference and information services, including newspapers and magazines, and provides free access to computers, the Internet and a range of applications. In addition to lending books, the library lends DVDs, story tapes and CDs for a small charge. The library was successful in securing funding for a digital inclusion project for older and disadvantaged people during 2013/4. The popular Children’s Library has links with many local schools and stages a popular weekly programme of activities. The library is promoted through a website (www.uppernorwoodlibrary.org) and flyers. Social media is also used to keep stakeholders and service users informed of news and service development.

The internal layout of the library comprises:

- A bright welcoming reception area and office space
- Two large floors of public library space with bespoke areas including:
  - Modern kitchen facilities.
  - Disabled accessible toilets on the lower and ground floors.
  - A lift to all floors including a wheelchair ramp from 1st floor to Reading Room.
  - A Meeting Room (with direct external access).

In addition to these spaces, the library includes a large rear parking area with security barrier (parking for ten cars).

Following a reduction by the constituent local authorities in the library budget, the hours of opening have recently been reduced from five days to three. The reduction in the opening hours has had an understandable impact on visitor and issue numbers although the library remains popular. The area surrounding the library benefits from a large proportion of people educated to degree level, and although generally quite affluent, has ‘pockets’ of local deprivation (the proportion of people in the area living in social housing is nearly double the national average at 11.9% as opposed to 6%) ².

Capital investment requirements
A number of improvements and adaptations are required in order to realise the vision, including:

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² Source: 2011 Census. The six wards are: Gipsy Hill, Forest Hill, Crystal Palace, College, South Norwood and Upper Norwood
• An enhanced ICT infrastructure to support digital learning for all ages, access to e-government and local authority web based services.

• An increase in flexible meeting/office space available for rental.

• A re-vamp of currently under-used areas.

• A revamped car park that will be an income generator through discreet monthly rental by the business community and residents seeking safe secure parking off-road.

Premises costs to refurbish the library into a functioning community venue are estimated to be in the region of £30-50,000. Refurbishment cost of the car park is estimated to be in the region of £8,000.

UNLT are currently in negotiation with Lambeth Council regarding repairs required prior to asset transfer.

Proposed business model

The business model initially developed and proposed by UNLT was seeking to achieve a 60/40 ratio of statutory and externally generated funding. The model involved the engagement of volunteers alongside professional paid library staff in order to maintain a sustainable community service. This is still the aspiration for the library. The current service transfer offer from LB Lambeth envisages a three-year settlement which is reduced by approximately 2/3 in years two and three. The library will therefore need to increase its earned income and/or reduce costs to take account of this reduction in statutory funding over time.

The long-term aim of the trust is to consolidate and develop the existing core library services, and to develop wider learning services to meet a range of learning needs of local residents, with a focus on developing the life chances of children and their families.

As things stand, UNLT’s business plan envisages that the library’s income will be derived from six principal sources:

◊ Service transfer and/or long term contracts – UNLT has successfully negotiated a three-year funding agreement with LB Lambeth and Croydon to provide a core library service within the premises. The agreement reached is significantly less than what was originally anticipated based on earlier discussions in 2013 and is designed to reduce greatly in years two and three. This outcome will have a direct impact on the size of the footprint of the library service within the building in relation to other income-generating uses and the number and levels of paid staff that can be supported.

◊ Generated sales income – this is anticipated from charges for fines or sales of ex-stock or donated items and hiring out meeting space (estimated in the business plan to be approximately £35–30k per annum). Various ideas for reconfiguring the layout of the building to allow more income generation are being explored including creating an internal ‘hub shop’ within the library to sell books, DVDs, and to rent toys to users and the wider community, creating additional office or meeting space and installing a café. The projections are based on benchmarking with other community enterprises operating similar trading activities from community hubs. The intention is to establish a small number of social enterprise activities and/or subsidiaries. Ideas include:

• IT Support service.
• Design and print shop.
• Recycling projects.
• Serviced office space.

◊ **Room and car park space rental** – to accommodate training/meetings for community and professional stakeholders, and provide safe parking for local traders. The Trust intends to seek sponsors and in-kind support to make the car park area more attractive. Indications on car park income suggest £100+ per month per space. It is envisaged that at least five spaces could be privately let, providing a gross profit of £8,000+

◊ **Project funding** – the income strategy includes plans to secure grant funding towards project activity, and piloting projects that could be established into sustainable enterprising activities. A number of bids have been submitted to date. UNLT were successful in securing development and funding from the Social Investment Business. Other bids have not been successful. The lack of success with some grant bids is largely due to the fact that the service/building transfer has still to take place. The intention is to greatly increase fundraising activity once the transfer of the service/building has taken place.

◊ **Local fundraising & sponsorship** – the Trust will use its charitable status to fundraise for specific events or equipment and not as a source of core funding – it is developing a ‘friends of’ group as well as running smaller local events to raise funds. UNLT will also actively seek socially responsible sponsors to support projects or initiatives consistent with UNLT’s ethics.

UNLT are also engaged in early discussions about a partnership with Eco Communities to support a transitional transfer to UNLT. Eco Communities already operate four community libraries in Lewisham on a community enterprise footing, and both parties are keen to explore the potential benefits of working together more closely to develop the community enterprise model for public library service delivery.

**Outcomes**

The proposed funding agreement with LB Lambeth and Croydon proposes a service-delivery contract worth £250k in year one followed by two years at £100k pa. Given that staff costs alone are currently in the region of £150k, there will clearly be a need for the Trust to reduce costs and/or generate increased income from the building. The Key Performance Indicators for the next 12 months are set out below:

**Strategic objective**

2015-2016: To restore and consolidate UNJL as an excellent core library service, open five days a week, with a robust and efficient staff team with strong localised management and development capacity.

**Key performance indicators 2015-2016**

• Successful transfer of operational management of the library service and the asset by September 2015.

• To recruit a ‘hub director’ to ensure operational and development capacity to oversee library and staff management, development of future services and income generation.

• Full staffing review to be conducted Sept-Dec 15.
• Reconfigured staff team and service successfully transferred to UNLT by 1st December 2015.

• To maintain the current core service and market this and any additional activities to increase membership, footfall and use of the library.

• Develop an operational plan to pilot complementary services to optimise use of resources and reduce operating costs without impacting on quality from December 2015.

• Launch the newly established community led hub in early 2016. Market a cohesive brand and services to increase visibility and maximise usage by launch of an engagement strategy.

• A phased approach to five day opening, based on results of survey (underway) and further consultation.

• Deliver child focused literacy and family literacy activities to increase membership and footfall.

• Secure minimum of £25,000 additional income beyond current earned income forecast for 15/16 to invest in space renovation and to contribute towards a ‘hub director’ salary and on-costs.

• Secure pro bono support to undertake an architectural/design review of the space and its potential usage.

• Undertake feasibility of renting additional space to set up a social enterprise shop within the library concentrating on donated goods such as books, DVDs, electronic games and comics.

• Review current membership following migration of membership to Tallis. This will support the Trust’s plans to market UNJL and its services in a more focused way, and help to determine strategies to increase membership and footfall.

• Include a forecast on increasing ratio of those from LSOA wards within a 6 mile radius, with a focus on more diverse groups and facing disadvantage.

• Following the above the intention is to increase numbers of library service users ‘registered’ by 5% once a ‘clean-up’ of data has been achieved. (currently 9,000+ registered users).

• Analyse marketing initiatives to include social media ‘hits’.

• Deliver a marketing plan to increase membership, attendance at events and optimise revenue from fees for wider learning & cultural activities.

• Deliver budget as forecast.

• Complete a quality assurance audit and agree key performance reporting against a service plan to funders. Introduce quality assurance systems that measure outcomes and satisfies a range of stakeholders (UNLT is currently considering PQASSO for quality assurance purposes).

In addition to providing a statutory library service at its core, the Trust also seeks to deliver on a broader range of social outcomes to meet local community needs. For example, locally, there are increasing numbers of socially and economically deprived children and families for whom the library provides an area to study, free use of computers and a source of regular reading material. UNLT intends to follow the model of the Lewisham community librar-
ies run by Eco Communities which operate as mixed use ‘hubs’ - providing a range of employability, training, arts/culture and health and well-being services in response to local need. The range of services available at Community Libraries in Lewisham include:

- Employability – 1-2-1 CV writing support, work placements, job-matching.
- Training - IT ‘silver surfing’ clubs, café/Barista Academy.
- Advice - debt and benefits.
- Art and Culture – drama classes, art journaling, ‘Sow, what and yarn’, story-telling and ‘Fibre Arts’ aimed in particular at helping help alleviate the symptoms of early-onset dementia.
- Health and well-being – yoga classes, Tai Chi, mindfulness.

The Trust intends to work with Eco Communities to explore the extent to which a range of complementary uses can be introduced at Upper Norwood.

**Development support**

Since its inception, UNLT has secured in the region of £70,000 in grant income, including significant funding from the “Community Assets and Services Grants” managed by the Social Investment Business. This funding has been utilised to help develop the business plan, negotiate the proposed asset transfer, as well as to gear-up the organisation in preparation for taking over the library service.

During the pilot project mentoring and enterprise support was provided, funded by Arts Council England. Support included:

- Peer support and mentoring sessions which allowed trustees to learn from the experiences of Eco Communities in operating libraries in Lewisham as a community enterprise
- Support to review and adapt the business model for the trust in response to changing funding proposals from the commissioning authorities (Croydon and Lambeth)
- Development of the operational plan for taking over management of the car park and internal space rentals.

The development grant was deemed useful insofar as it allowed the Trust to develop its business plan as a tool to test assumptions and communicate the vision to prospective funders as well as the two councils.

**Key learning**

- Negotiations with local authorities in relation to asset and service transfer can take much longer than anticipated. In this instance, negotiations have been ongoing with two separate local authorities since 2012. As a result the process will have taken over three years to formalise the transfer of the building, and perhaps longer for the service to transfer. This has served to dampen momentum and stress the capacity and engagement of the community.
Engaging with staff in the context of proposed service or asset transfer needs to be handled very sensitively. In this case, as it was a resident driven proposition, existing staff were not wholly bought into the idea of service transfer into a community model. This created a tension with staff questioning whether they had effectively ‘two masters’. The Trust needed to find a balance between bringing staff along with them in their vision, and also respecting the fact that they were still under the full employ of the council and had limited capacity to undertake any additional development planning.

The trustees needed greater support and resources in order to deliver the local authority requirements which, in themselves, changed a number of times over the period of negotiation.

Service funding agreements in the current context can be subject to change throughout negotiation, this lack of certainty makes business planning difficult and more resource-intensive than it otherwise would be.

Staff transfer and lease issues are key in the context of transfer and require specialist support as well as considerable forward planning.

Development and feasibility funding provides a critical resource to enable detailed work in relation to business planning and development of social and community enterprise models. However, the timing of such support and the ability to move forward with implementation apace have a significant impact on the value and usefulness of such support.

Lack of security and certainty of tenure can be a barrier to larger grants and capital funding. This can present a chicken and egg situation whereby social enterprise require grant support in order to kick start viable operating models that can sustain at risk public library services.

The opportunity to learn from the experience of other community enterprises running libraries offers the potential for Trustees to inject some practical experience, and adds considerable value to the business planning process. Peer support from other social enterprises can help identify and establish more viable operating models, and presents opportunities for collaborative working which may enable costs savings, whilst enabling the added value that community-led social enterprise models can bring.

The needs of new groups seeking to become social and community enterprises are very different from those of more established existing organisations. The scope of development and feasibility work will be very different for start-up organisations compared with existing social enterprises with established governance and delivery structures.

The experience of Upper Norwood Library Trust identified the following ways in which Local Authorities could best support community groups wanting to become social enterprises to take over library services:

- providing ring fenced investment in capacity building to enable volunteer-led organisations to engage external expertise to support business planning and service transfer
- provide a robust liaison support offer to both the staff and community/social enterprise group, in preparation for the change management process to be embarked upon
- provide clear and transparent timescales for service and asset transfer, as changing goalposts and extended time periods risk losing the goodwill and energy of the local community.
Other support identified that could help community libraries to become more enterprising and able to generate income include:

- Case studies and ‘how to’ guides based on good practice in the arts world and emerging library sector.
- Access to mentors and advisors with social enterprise and business development experience.
- Capacity building development funding to smaller community organisations that are volunteer-led.
Case studies

Cultural Community Solutions

Cultural Community Solutions (CCS) is testing and developing the potential to establish Creative Work Spaces within a library context and, in particular, seeks to co-design new complimentary services within library branches with library users. The following case study outlines their learning to date.

Context

Cultural Community Solutions is a not-for-profit subsidiary of Carillion. Cultural Community Solutions (CSS) manages Croydon, Ealing, Harrow and Hounslow library services on behalf of their local authorities. In addition to service delivery contracts, the libraries generate income through room hire, gallery space and exhibitions at present.

During the course of the pilot project, CCS explored the potential to rent space to establish a more comprehensive service offer linked to the establishment of "creative work spaces". Simply stated, the idea of the project was to scope out and further define the proposed service offer, exploring the potential for Fabrication Laboratories, or ‘Fab Labs’ and small business incubation spaces to fit with deliverables developed through the concurrent Enterprising Libraries project 3. Before engaging with the programme, the libraries had already established some links with the economic development departments in the local authorities and participated in the Enterprising Libraries programme which have since proved particularly helpful.

Exploring creative work spaces

The intention of the pilot project was to test the concept of creating added value work spaces within a library setting, drawing on the influence of other projects. The aim was to explore with local communities the potential scope and design of such spaces, as well as the operating models that might sustain them. Initial work, following a high-level site options appraisal, focussed on one library in each of the four boroughs of Ealing, Croydon and Hounslow and Harrow. The aspiration is for the Creative Work Spaces to enable individuals living in all four boroughs to use tools and support to develop hobbies, creativity and even business ideas or small/sole trader enterprise in library spaces - redefining their use and understanding of their public library. For local enterprises there is potential, also, for them to showcase their business products and undertake market research.

Two main potential sources of income were explored:

• Payments by the general public for using value added facilities and services (including subscription and one-off payment models).

• Commissioned services and/or partnerships with local government enterprise teams, third sector enterprise organisations, co-operative banks and credit unions targeting small businesses, local higher and further Education institutions.

CCS also explored the potential to generate income from the delivery of related specialist workshops – for example, to teach people how to operate 3D printers.

The activities undertaken in the course of the pilot project were:

• Developing three local partnership forums (one in each library service) to create strong relationships with stakeholders to both understand how they might want/be able to contribute to the offer and to ensure that the offer is effectively publicised to potentially interested parties in the local area.

• Scoping resources and spaces that could be made available in each library service.

• Conducting research with local people in each local authority area to understand what they would value in a creative work space, explore potential pricing structures and willingness to pay (this may need to be conducted in two phases).

• Developing initial pilot activities to test interest in the offer and willingness to pay.

Market research activities
CCS focussed on four key audiences in the course of undertaking market research:

Local populations –

• CCS publicised the prospect of it introducing maker spaces through the local libraries, the library websites as well as via ‘Meetup’: http://www.meetup.com/.

• CCS hosted three public meetings with members of the public interested in the Creative Work Space in Northolt library in Ealing, with an average attendance of 12 people and a Meetup community of 33 people.

• In Croydon, the prospect of setting up a Creative Work Space has been raised with a local Residents Association, which has been very supportive, and discussions are ongoing with councillors.

Local authority partners –

• The aims of this engagement exercise have been to raise awareness of the project among partners in the enterprise development, adult services and education teams across the four local authorities - specifically, engaging any local teams that focus on the areas where the libraries are located. These partners will spread the word about the spaces, and identify any avenues of funding they may be aware of to ensure that the project is linked into wider work they are involved with.
Other maker spaces –

- Maker spaces tend to have a strong co-operative ethos and CCS approached them to help spread the word about the new maker spaces it plans to open as well as to explore avenues for partnership working and co-operation once the creative work spaces are up and running.

- CCS is now a member of the Open Workshop London forum and attends regular meetings to update other maker spaces about its plans; there is broadly very strong support for developing maker spaces in libraries from this group.

- Ealing, Hammersmith and West London College (WLC) have recently launched their own tech lab http://wlc.ac.uk/thinglab and there is scope for creative work spaces to link up with students through the ‘Thinglab’ going forward.

Partners to support delivery –

- CCS has approached tech start-ups and presented its project at Croydon Tech City meetings to gauge interest in running workshops and coding clubs in it’s creative work spaces.

- Manufacturers of equipment and academic institutions were approached to see if they would be interested in supporting the spaces.

- There has been a very positive reaction and CCS will soon host its first workshop to teach the public how to operate its new 3D printer in Northolt Library, with more to follow in future.

- CCS has also been in contact with Wimbletech who will be doing some market research in the four boroughs to scope the potential of setting up a co-working space to run alongside the creative maker spaces.

Market research outcomes

A map of makerspaces in London demonstrates a significant gap in provision in the North, West and South West of the city, which is exactly in line with where CCS library services are located: http://openworkshopnetwork.com. Furthermore, market research showed that the gap in provision does not correlate with a lack of community interest or need for maker spaces. Over-crowding and a lack of suitable accommodation in which to practice practical hobbies is cited by members of the Northolt community as reasons why they wish to participate in a Creative Work Space to pursue their hobby, interest or business idea. Based on its community engagement exercise so far, CCS customers are mainly local residents and makers from surrounding areas, although the Northolt project is attracting more men than women - perhaps, due to the fact that it is more technology-oriented.

Northolt Creative Maker Space: Several meet-ups at Northolt library were set up as the basis of our consultation with the community. The idea, looking ahead, is to develop a space within Northolt library where people can explore, learn and make use of the most up-to-date making technologies, as well as undertake more low-tech projects. Ultimately, CCS hopes that the space will be a creative hub for the local community, building interest in learning and micro-enterprise — and, crucially, a space co-owned by the library service, the community and local stakeholders. Advice, in this regard, was sought from Independent Mind; the Waiting Room in Colchester; the Common Libraries initiative; Devon Fab Lab; Create Space London and the South London Makerspace.
Cranford Creative Maker Space: Another meet-up has been arranged for Cranford Library, although CCS engagement with the community in Cranford is considered a longer term project, by virtue of its existing and prospective user demographic. CCS held an initial meeting with prospective partners including the Council and, especially, Adult Education as well as with other relevant local organisations. It also forged links with Cranford Stronger Together which focuses on identifying existing networks on the estate and, in particular, how these networks can be used to support struggling and isolated individuals.

Norbury Creative Maker Space: CCS has entered into discussions with the council regarding the use of the space at Norbury library and how best to involve the community in implementation of the project. There are two rooms available at the library, and the discussions with the council concern one of the spaces which hasn’t been used for a few years. CCS plans to help establish a film club in the room which will also be used for relevant workshops, talks and seminars.

Harrow Creative Maker Space: The council ran a consultation with the public about the future of the libraries, with the potential of possible closures, concurrent with the pilot project. As a result, the project in Harrow is on hold until CCS is clear about the outcome and next steps.

Pricing
Following initial scoping work with input from experienced managers of maker spaces as well as with library staff, CCS decided that the maker space element of creative work spaces should operate on a subscription model according to a sliding scale linked to users’ ability to pay. A charge of £5-£20 per month for unlimited use of the spaces will therefore be requested on a self-certified basis (i.e. rather than verified by evidence which would introduce disproportionate costs to the charging regime). This will apply to all of its creative work spaces, and feedback from the Northolt meetings suggests that people are content to pay a subscription on a monthly basis.

The fees are intended to sustain the space in terms of materials and maintenance of equipment so that there is not a dependence on securing grants in future, but also so that the original investment in equipment represents a sound investment. This “honesty scheme” approach is intended to try and achieve a balance between maximising accessibility, and establishing a viable level of income from and for the spaces. This model is similar to other maker spaces operating in London and will ensure that CCS spaces complement other social enterprises operating in this market - rather than under-cutting or undermining their membership or fee generating models. It also means that CCS maker spaces should be eligible to benefit from any London-wide reciprocal membership agreements that are developed in future. Those attending initial meetings to gauge interest in the maker spaces and their model of operation were also positive about the fee level and the community-led management approach.

Resources
The total capital investment to establish the services is expected to be around £15,000 although will depend on the outcome of ongoing work to identify equipment needs. This investment will be in start-up equipment in each library space as CCS does not propose to provide consumables or cover other expenses, which will need to be contributed by makers themselves along with the makerspace fees solicited.

CCS are providing the library space and covering the overheads (electricity, insurance, wi-fi) as an in-kind contribution to support the development of the maker spaces during development. This is regarded as an investment in their longer term development to help attract new users to the libraries. Further work is required to more clearly identify and quantify the income strands as the groups develop.
Staff and volunteers
The project, to date, has been managed by CCS’s Adult Services Manager in collaboration with staff from the four designated libraries, the Marketing and Communications Officer and the Cultural Development Officer.

As CCS want the spaces to be self-sufficient in future, it does not expect staff to get directly involved in their management. Nonetheless, staff have been very positive and enthusiastic about the project from the outset and perceive significant added value in developing creative work spaces within CCS managed libraries.

CCS are, therefore, eager to engage the support of volunteers to help them manage and run the spaces. Volunteer role specifications are being prepared with this in mind, and they had already managed to secure a volunteer to run a code club for children at Northolt library, as well as being in discussions with others to run code clubs at Norbury and Wealdstone libraries, at the time of reporting learning from the pilot programme.

There has, however, been substantial staff time invested in setting up the meetup groups, investigating potential partners and sources of funding and resources, as well as in planning and designing the approach for the spaces. CCS envisages that this up-front investment of time will taper down as the spaces become established and each making community agrees a formal structure at the local level before taking responsibility for the management and day-to-day maintenance of its own space.

Due to various administrative and organisational issues in gaining approval for the use of the spaces identified in the libraries it is taking longer than anticipated for CCS to make the creative work spaces operational and, as a result, it has not been possible to test the financial viability of the co-operative makerspace model in its public libraries yet. However, it will begin evaluating the financial viability of the spaces once the first space in Northolt is functioning – prospectively, during Spring 2015.

Capital investment requirements
CCS secured £6,000 from Ealing Council to invest in equipment for Northolt Library. It also set aside £7,000 for the spaces in two other boroughs, which will be match-funded by the local authority.

CCS has been in discussions with Croydon Economic Development Team who are keen to work with them in a bid to support the creative work space. It has also been in discussion with Croydon Tech City, a Community Interest Company which is promoting Croydon as a hi-tech start-up zone in Outer London.

CCS is also in the process of securing some funding from Hounslow Council to support the creative work space at Cranford because it is a low-participation area that does not currently score well on wellbeing measures and the creative work space can support participation, wellbeing and community cohesion.

CSS has secured a long-term no-cost loan of a 3D printer and low-cost loan of another printer from Ultimaker who have also committed to running a workshop in Northolt library to help the public understand how to use the printer. This is understood to be a pilot approach and they may roll out this offer to the other three creative work spaces once they are up and running, because of the marketing and business development potential of the spaces being located in libraries and available to the whole community.

CCS plans to approach Trotech to see if they will offer a good deal on a laser cutter. Open Workshops London has provided them with information about other sources of funding and other suppliers who may provide equipment for low or no cost to maker spaces.
Once the space is up and running, there are plans to build partnerships with makers and artists to enable the group to bid for a Libraries Fund Grant for the Arts project which will develop the potential and impact of creative work space. CSS is planning a small initial bid, to test its proposition, of around £10,000 which will be followed by a larger bid of up to £50,000 if the initial bid is successful.

**Development support**

CSS gained substantial insight into the usual running of maker spaces from Tom Lynch (South London Makerspace) and Rory Gallagher (Createspace London) who run their own maker spaces in London in the course of participating in the pilot programme. This enabled them to understand the principles of a community-led and managed maker space, which include ensuring that the community has a say in the resources and equipment that is purchased for the space from the outset, rather than adhering to established ‘formulas’ for example formally branded “Fab Labs”, and ensuring that the community is constituted before the maker space becomes operational. They also advised on the constitution of separate governance and financial arrangements for the maker spaces, which mean that although they are linked to the main library space, they will be self-managing and empowered to make their own decisions about budgets and investment going forward.

CSS acknowledges that it will continue to explore how the maker spaces can best interact with main library spaces, and operate service roll-out and development on an agile and iterative basis in partnership with those maker groups that are established over the coming period. This includes from a financial perspective, since none of the spaces are currently operational, but many of the makers involved have expressed interest in running workshops for the community in the library and from the new maker space.

CSS also plans to develop an agreement or code of practice between each maker space and its host library to ensure the relationship remains positive and the maker space adheres to the ethos of the public library in future.

**Outcomes**

The intended outcomes longer term are to:

- Establish a model to work with the community to co-produce services that the community see as relevant.
- Be creative with the use of library spaces, as the traditional physical book issue declines libraries need to review their use of space for different purposes.
- Establish a self-sustaining model of service delivery for aspects of the service and generate an income.

In Northolt, CCS now has a group of 33 makers in its dedicated Meetup group, which is equivalent to 12 people attending each planning meeting in practice. Most of these makers were not library members and around ten have signed up for library cards. However, the space is still not furnished or functioning and CCS hopes that the final membership will be much higher. It has already facilitated a 3D printer workshop and benefited from a much higher attendance for this practical, hands-on session. It is being evaluated for user experience as well as to gauge whether it has changed perceptions of the public library service as envisaged, not least, because it is also expecting related Code Clubs and co-working space to attract new library membership in future. CSS currently have not been able to form groups in the other library locations as these have not been confirmed. However they are planning to start the meetup group in Cranford library, Hounslow in the next month.
During the development work, to date, many prospective members of the maker spaces have indicated that they value the opportunity to meet like-minded people in a safe, neutral space. Community members also spontaneously mention the desire to transmit their skills and knowledge to the community - suggesting potential benefits, both in terms of learning, but also in fulfilment and meaningful activities for those sharing their knowledge and skills.

When people join the Meetup site, they are asked what they would like to use a maker space in a library for, and here are a selection of their answers:

- “Make strange and unusual bespoke objects for strange people to enjoy”.
- “I am approaching retirement from working with CAD and 3D printing on architectural and urban planning projects. I am keen to keep "my hand in"”.
- “I love making things, I’m a graphic designer by trade and very interested in getting involved in this project”.
- “Run arts and crafts workshops”.
- “I want to be able to design my own robots”.

Because the creative work spaces are not yet operational it is difficult to know how they will finally impact on the library service. However, simply presenting the idea to stakeholders, members of the public and potential delivery partners (many of whom had no prior interactions with the library service) has created a shift in perceptions of the public library. While people instinctively think that maker spaces fit very well with the aims and objectives of the public library, they often do not expect the public library to be offering that kind of space and finding out about the project makes people reassess their relationship with the public library and the kinds of opportunities the library offers to them.

**Key learning**

- The CCS experience indicates that there is significant interest in creative workspaces and maker spaces where it operates library services. However, interest has varied considerably from one branch to another, suggesting that demographics may determine whether or not there is sufficient interest in any given area.

- Although most staff were very enthusiastic about the idea of the creative work spaces, there were some concerns about the role that they would be expected to play in running the spaces – which was one of the factors that led to the delivery model CCS has decided to develop, supporting independent groups to manage the facilities once they are established.

- Supporting the development of community-led spaces is preferred – so, in contrast to CCS establishing creative workspaces – because the aim is to develop ownership and involvement on the part of the community as well as to minimise the burden on existing library staff.

- An honesty approach and sliding scale subscription model based on a pay what you can afford principle works well in some other maker spaces and was supported by initial consultations. It is hoped that this model will help maximise accessibility and revenue in keeping with the public library ethos.

- The ethos of maker spaces is that the people using the space will care for the space and share learning. CCS hopes to use the maker space as a pilot for potentially rolling out this kind of co-operative approach to
extending library services in other areas, and to ensure the local community is invested in and participating fully in the development of local library services.

- Focussing on the creative maker space idea has real potential to attract new audiences into libraries that aren’t engaging at present.

- Online community sites such as Meetup.com can provide a very useful, low cost way of publicising creative work spaces and of generating a committed and enthusiastic community in the space. However, they should be used alongside more traditional ways of promoting the Meetups, e.g. via posters in libraries, to ensure less digitally literate and/or digitally excluded members of the local community are also engaged. Nonetheless, social media can also help to provide useful links to other like-minded local organisations operating in the vicinity of the Creative Work Spaces via their own meetup groups. For example, Croydon Tech City provided links to individuals wishing to share their skills in libraries and with other social enterprises such as Wimbletech, who may deliver co-working spaces in some CCS managed libraries in future, subject to the outcome of related feasibility studies.

- CCS found the Open Workshop London network to be a useful way to engage with a wide range of other makerspaces and find out about a diverse range of funding pots that may support the development of the creative work spaces.

- Other library maker spaces, such as Devon FabLab and the Waiting Room in Colchester, gave their time, expertise and support very generously - for example, by providing volunteer specifications and lists of equipment they have purchased or by sharing an understanding of how they developed their community and ethos. CCS recommends developing a national network of library maker spaces as more are opened across the country, to provide a community of practice to support the development of this unique intersection between the public library service and the maker space movement.

- Security and design issues can have a significant impact on the viability of a space as a maker space - in particular, allowing for secure access outside of core opening hours in a way that doesn’t compromise security of other library facilities.

- Council approval processes have had an impact on setting up some of the spaces and CCS awaits confirmation as to how to proceed and engage with the community. Concerns about the impact of localised work on wider service consultations have delayed progress in some areas.
Support interventions

The pilot programme sought to assist participants to develop their ideas in both a practical sense, but also by learning from the experience of others to inspire and encourage innovation. The programme was conceived and co-designed with library practitioners during the earlier phases of work.

Key aspects of programme support were:

- Mentor support from a community enterprise practitioner.
- Peer support from the network of participants and mentors through two networking sessions to share ideas.
- A programme of inspirational learning activities during Locality 2014 convention.
- A series of online webinars concerning key issues.
- A budget of up to £2,000 per participant authority to purchase specialist support to help implement and test their ideas.

Learning from webinars

During the course of the programme a series of five webinars were delivered in relation to key topics and themes identified as priorities from earlier phases of the work.

Recordings of each of the following webinars are available to view online

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A summary of the other webinars is provided on the following pages:-
Webinar

Developing an enterprising team

Mike McCusker of Fresh Horizons, a social enterprise based in Huddersfield, delivered a webinar about developing an enterprising team. To hear the webinar, visit: [https://youtu.be/8uk8bDlv7Bc](https://youtu.be/8uk8bDlv7Bc).

About Fresh Horizons

Fresh Horizons has operated a public library on a social enterprise footing since 2007 - as one of a number of services it provides the local community in Deighton - and as an organisation, proactively seeks to diversify and establish new income streams to ensure its viability and deliver social impact.

It’s customer service team is central to the delivery of its library service. Based within the library, they operate at the heart of broad-ranging services. In addition to managing the library service day-to-day, staff also support:

- A home security service, arranging home visits.
- Front of house receptions for the Chestnut Centre, a community hub, where their roles involve servicing meeting spaces and dealing with general enquiries.
- The provision of housing advice.
- Operation of the local credit union.
- Managing building access control remotely for a portfolio of community facilities in the surrounding area.
- Management of the Yorkshire Music Library, one of the largest collections of sheet music in the country.

A part of Fresh Horizons’ success flows from its willingness to test new ideas and explore new ways of working.

Establishing an enterprising culture

“A enterprising culture is one where people are imaginative, prepared to take risks and be creative in developing solutions to problems.”

Mike identified four key ingredients in enabling and developing an enterprising culture:

- **Mission**: Having a clear mission that has been co-produced, and jointly owned with those staff who will be working towards it.
- **Values**: Having clear values that are understood and owned, and integrated into operations of the organisation including staff supervisions and appraisals.
• Leaders: Supporting the development of leaders at all levels in the organisation, people who are credible, and taking the organisation in a direction that people buy into.

• Communication: Using a range of means to continually reinforce messages to staff and the wider community including use of appraisals, newsletter, team meetings, transparency around financial performance, sharing challenges, use of text messages. A key aim is to ensure people feel part of a business that is achieving social good, and ensuring this acts as a motivating factor to bring out the best in the staff.

Skills and attitudes
Having identified the culture an organisation wants, a number of desirable skills and attitudes were identified as critical in informing the development of the workforce.

• Passion
• Belief
• Courage to take risk
• Commitment to organisation
• Customer focused
• Develops enterprise leaders

Creating enterprising teams in larger organisations
Mike identified particular challenges in creating enterprising teams in larger organisations, and suggested some approaches to help overcome them, because larger structures can discourage enterprise and it can be harder for staff to get their ideas heard and implemented. One strategy identified was to organise people into teams that are actively encouraged to make decisions for themselves, and given delegated responsibility within parameters that are set within the scope of the overall objectives of the organisation. In this way, teams are able to develop their own culture that may be somewhat different to that of the wider enterprise or local authority.

Making the most of what you have
The webinar also explores useful starting points for organisations to work with their teams to build on what they have to establish new businesses or income strands within minimal up front investment.
Webinar

Developing digital opportunities

Annemarie Naylor of Common Futures, is behind the Common Libraries project seeking to support the evolution of libraries that are responsive to technological advancements and fast-changing local needs. She delivered a webinar on the subject of developing digital opportunities for public libraries. The webinar is available for viewing here.

Policy research and practice

Annemarie acknowledges that income generation for public libraries is challenging for a variety of reasons, but more so when it comes to digital technology due to the pace of change. However, technology is a dominant discourse in politics and often touted as the source of solutions to many public services, despite the fact that this remains largely untried and untested.

She highlighted notable trends:

- Heavy investment in broadband infrastructure with a focus on providing more speed is likely to lead to development of more bandwidth intensive services.

- Changes to the public sector and a move to a “digital by default” approach is being progressed on the assumption that this is more efficient and meets the needs of users. However, significant issues attach to inclusion, affordability, access to internet, skills, capacity, knowledge and confidence.

- Assisting access to digital services is going to be vital to ensure that such trends don’t exacerbate inequalities. So, digital inclusion and assisted digital services will be increasingly important where public libraries are concerned.

- Schools are increasingly focused upon digital technologies – potentially, presenting significant opportunities for closer working with libraries in future.

- The Society for Chief Librarians commissioned a digital horizon-scanning exercise which highlighted up-and-coming technologies, together with their possible implications for public libraries.

- The Sieghart Review has called for a universal digital platform for public libraries.

A key issue emerging is in relation to the impact of the digital divide on inequality. To date, considerable emphasis has been placed upon libraries to step in and provide digital assistance, but all too often without investment in the requisite skills, knowledge, confidence or resources implied.
Reality vs rhetoric

New/emergent ICT services are identified by many library practitioners as a major opportunity but, to date, there is very little existing practice, prototyping and research, and precious little focus on how the technologies may render libraries more viable. Many of the references to the innovative use of technology in libraries actually provide additional financial burdens on the services or, else, are subsidised by time-limited grants. By their very nature, local authorities may not be well-placed or ‘agile’ enough to respond to the pace of change where enterprises underpinned by technologies are concerned, so this is something that requires careful consideration going forward.

Opportunities

Annemarie highlighted four main areas of opportunity related to digital technologies and public libraries.

• Fibre and Wireless Spectrum: Including the potential for innovative community-led infrastructure projects such as digital Merthyr, in response to geographic inequalities of access.

• Coding, robots and automation: The potential role for libraries in terms of skills development, coding skills, considerations of which are different for age groups.

• 3d Printers, Maker Spaces, Crowd Funding, Hack Spaces: The potential to establish income from access to technologies. The potential to exploit opportunities to digitise content for use in libraries.

• Open Data, public sector open data. Including investment from central government to encourage start-ups. Including events based on bringing together people and encouraging innovative uses of data such as Open Chattanooga - http://openchattanooga.com/.

Annemarie identified ten ideas as potential income generators.

• E-government / assisted digital contracts: probably need to be negotiated nationally.

• Higher education Institutions, massive online open classrooms. e.g. lower cost online universities.

• Open source hardware initiatives/loan schemes (tablets, specialist products/telescopes and equipment, unique experiences).

• Premium home delivery schemes.

• Enterprise support, development and joint venturing.

• Object/Tool library loans.

• Community publishing platforms: enabling self publishing and collaborative publishing. Multimedia, literature, music etc.

• Broadband deployment via GigabitWhitespace as per the Gigabit Libraries project in the United States.

• Open data access/re-use support services.
• Personal data awareness and management: data protection, managing online profiles, safety, security and awareness services.

In conclusion Annemarie promoted approaches to proactively prototype and trial a range of pilot projects adopting an agile service development approach - starting small and testing with audiences, co-producing services with audiences and developing them in an iterative manner: https://www.gov.uk/service-manual/agile
Applying retail and visual merchandising techniques in public libraries

Ellie Kidson of Metamorphosis, a consultancy specialising in visual merchandising and retail performance improvement delivered a webinar on applying these techniques in the context of public libraries. The webinar is available for viewing here: [https://youtu.be/4zarOnceeJw](https://youtu.be/4zarOnceeJw)

Developing a retail offer

**Knowing your customer**

Ellie iterated the importance of focusing on the customer when developing a retail offer, seeking to understand and know them so as to be able to develop and deliver additional services or products to users. While libraries already attract a good cross section of the community, it’s important to understand this customer base at a deeper level, and their reasons and motivation for using the service. Understanding this will help services understand what customers may need and want from you, and where else they may go to meet their needs.

Ellie also referred to the Ansoff Matrix as a useful marketing planning tool to help libraries think about how they wish to explore opportunities. The tool identifies four approaches to market development:

- **Market Penetration**: Selling more of existing products to existing markets.
- **Product Development**: Exploring what else you can offer to existing customers.
- **Market Development**: Attracting new audiences to the service, plugging gaps in the user profile.
- **Diversification**: Looking at new markets and customers and delivering new products for them.

Grouping and thinking about different types of customers and really knowing them and understanding their needs can be a very useful starting point in developing an offer, and thinking about opportunities for product development. Library services already gather useful information. Customer data can be used to anticipate needs and target offers for new or complimentary services and products.

Retail trends

- Shortening supply chains: Makers and producers are selling directly with consumers. There is a resurgence in interest in local produce, skills and crafts. People value a direct link to producers who know about the products they are selling. Supplier makers are opening shops, often offering broader offers to engage with customers, e.g. workshops and training. Fabrication technology is contributing to shortened supply chains, e.g., 3d printing and bespoke t-shirt printing.

- People are using retail spaces in a different way, less about stocking and selling, and more about working with
customers to understand their products and services.

- Retail is changing, it’s becoming more interactive and bespoke.
- Outlets are becoming more specialist.
- People are increasingly shopping for themselves (over 74% of shoppers don’t speak to sales assistants).

Libraries are already occupying a space that other retails are moving into, they already benefit from a customer/user base and have a focus on providing experiences, not just access to products.

**Planning a retail offer**

Ellie talked about techniques that can be applied to help predict performance and inform the planning of an effective retail offer.

**Predicting performance**

Useful KPIs to consider and measure are:

- Visitor numbers and footfall data - breakdown of users (age, gender, profiles) – primary research can help fill in the gaps.
- Conversion rate (visitors to customers).
- Average spend.

By anticipating conversion from visitors to customers, and modelling average spend it is possible to apply some basic maths and start to undertake some sensitivity analysis.

The starting conversion rate from visitors to customers is typically low for libraries in that most don’t purchase goods or services but there is scope to increase this by developing new complementary offers that meet their needs.

**Opposition research**

Competition can come from a range of areas, not all obvious, and they will depend on the nature of the proposed offer. It is important that you understand how you are competing: e.g. Quality, Price, Distinctive/more unique offer.

Competing with existing local shops is often a barrier to competing head to head, however, having more than one establishment offering the same types of products may help people to stay and shop in the town. So long as the competitors are offering a range it is not a negative impact.

**Creating a brand**

There are four Customer Touch Points that collectively create a perception for customers.

- Products and Services.
• People and behaviours.

• Environment.

• Communication.

It is important that they are consistent and coherent: a matching value set for the library and retail offer. For example, is it family focussed, is it about being very local and supporting local enterprise, is it a learning focus?

Designing a set of values should directly inform:

• Buying strategy.

• People and resourcing.

• Layout and interior design.

• Promotional material and public interfaces.

**Juggling skills, implications for staff**

Developing a successful retail offer will have implications for the skills base required. Buying expertise, marketing and communication, and confidence in sales are all areas that may need developing or bringing in. Different skills may also be required e.g. back of house in relation to financial systems, ordering processes and supplier relationships.

**Starting points**

Ellie encouraged participants to try by starting small, and exploring whether partnerships may offer an easier transition or solution.

**Visual merchandising**

Visual merchandising is extremely important for retailers, with over 70% of customers shopping without the help of sales assistants. It is particularly important where staff lack confidence in selling by providing a means of silent selling, allowing you to promote products without pro-active upselling which may be regarded as inappropriate in the context of public libraries.

When used effectively visual merchandising can:

• Increase conversion rate from visitors to customers.

• Increase the amount they spend. Adding impulse buys to space can add as much as 30% to average spend.

• Help maximise %sales per space, so floor space is used to maximum effect.

The psychology of shoppers means that considerations of layout will have a direct impact on behaviours. The webinar also offered a range of detailed visual examples to explore how some of these techniques can be applied in practice. As well as helping to develop successful retail offers, the techniques may also develop knowledge to help create visually strong, inspiring displays to engage readers (and learners), and encourage service users to try new things in a way that is inexpensive.
Locality convention

All participants were invited to attend Locality ’14 a national convention for social enterprises. The convention provided delegates with the opportunity to attend a wide variety of workshops, masterclasses, 1-1 surgeries, study visits and fringe events, as well as network with 600 delegates including many leading community and social enterprises.

As well as some dedicated sessions for the programme participants, participants were able to self-select workshops and topics that best met their needs. A number of sessions were highlighted as being of particular relevance to the library programme participants including:

- The Imagination Station curated by Creative Co-op and Common Futures: a drop-in micro tech festival offering delegates the chance to see interesting demonstrations and discuss technologies such as 3d printing, laser cutting, raspberry pies, coding software, and community wireless networks.

- Understanding the Sharing Economy: Hosted by The People Who Share, discussing the emergence of this rapidly growing socio-economic system which embeds sharing and collaboration at its heart.

- Working with Universities: Hosted by Brighton University and Student Hubs, discussing how community organisations can re-build links to develop constructive relationships that benefit both parties.

- The Inverted Library, featuring a video cast of innovative approaches to developing the Ann Arbour District Library in Michigan, USA, involving a live web link with Eli Neiburger.

Mentor support and specialist support

Each of the participants was allocated a mentor funded for five days over the duration of the pilot project to:

- Provide advice on initial proposals and supporting participants to establish a delivery plan for their pilot activity, including a cash flow forecast and outcome monitoring framework.

- Ensure mechanisms were in place to monitor and evaluate the programmes including financial and other outcome measures.

- Help participants identify any additional specialist support needs.

- Support participants with end of programme evaluation and the production of the case studies.

- Provide other support as required in agreement with participants: examples included attending board meetings, helping to plan approaches to market research, brokering peer learning visits, and sharing business planning tools and techniques.
Participants were also able to utilise a small grants pot of up to £2000 per project to apply for specialist support to help kick start their pilot projects or develop their plans.
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Locality has developed this guidance note to stimulate thinking about the role of enterprise and income generation in enhancing and improving the resilience of public library services.

Locality is the national network of ambitious and enterprising community-led organisations, working together to help neighbourhoods thrive.

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