

People's Audit - Libraries

Executive Summary

Correspondence between Lambeth Council (LBL) and Greenwich Leisure Limited (GLL) released to the *People's Audit* project suggests that, at the time of the final Cultural Services by 2020 report (*Culture 2020*) in October 2015, negotiations between the two to give GLL access to library sites were at an advanced stage, had been taking place since at least July 2015, that sponsorship of the Black Cultural Archives was contingent on the agreement, and that a GLL fee reduction was to be recurring, and, rather than being a “one off” as the Council suggested, would amount to some £7m over several years.

This raises questions for Lambeth Council and GLL:

- **Why have millions of pounds been budgeted to instal gyms in library buildings when the money was urgently needed to support a library service which, despite decades of upheaval and underinvestment, continues to see buoyant demand, and when the Council have repeatedly said that cuts to library budgets are to prevent the loss of front-line services for vulnerable people?**

- **Given that Lambeth Chief Executive Sean Harriss met with GLL in July 2015 to discuss sites for “healthy living centres”, and when “detailed proposals” had been prepared for the centres at meetings the following month - did Susanna Barnes’ alternative plan for a community/staff mutual to save all ten Lambeth libraries ever stand a chance?**

- Were “incumbent suppliers” other than GLL asked or encouraged to make an application to run healthy living centres, including at the Carnegie site?
 - As LBL have admitted that Carnegie and Minet libraries may not re-open in 2017, will either be open to the public before the local government elections in May 2018?
 - Why did GLL agree to reduce their leisure services fees by around one-third, with a c.£7m reduction from the total £20m leisure services contract?
 - Council responses describe an initial £1m GLL management fee reduction as “a one off reduction in... management costs”, while elsewhere they state that it is “annual for several years”. How did this confusion arise?
 - How did sponsorship of cultural services including the Black Cultural Archives, come to be contingent on GLL/Better providing other services in Lambeth, and why was no mention made of this in the (otherwise extensive) *Culture 2020* report?

Libraries closed

Only in Lambeth, it seems, is the word ‘library’ usually followed by ‘controversy’. Ever since demonstrators occupied Herne Hill’s Carnegie Library for several days in April 2016, libraries have been a politically charged topic in the borough.

At the time of writing, the Borough’s Carnegie and Minet libraries are closed while, further north, Tate South Lambeth and Durning libraries have been reprieved temporarily from

closure, and the Waterloo library has been squeezed into a local Church building.

Where once Lambeth had 15 public libraries and comprehensive mobile and home delivery services. The mobiles have been discontinued, the home delivery service is much reduced and only six full service public libraries are left in the borough plus another two now much reduced in size and largely unstaffed. Thus each serves an average of around 39,000 residents, numbers comparable with the Victorian era.

19th century campaigners whose work led philanthropists and local government to “plant ten free libraries in the Borough of Lambeth” would surely find it depressing to learn that, more than 100 years later, their modern counterparts are still working to achieve the same goal.

Decades of under-investment

Lambeth libraries’ *annus horribilis* in 2016 was the culmination of a turbulent history of public library provision in the Borough.

Decades of underinvestment in the service meant Lambeth’s library expenditure was actually higher in cash terms in 1984-85 (at £4.2m) than in 2015 (£3.4m); had investment in the service kept pace with inflation, the 2015 library budget would have been £12m-£13m.

In January 2002 the service received a “zero” Audit Commission rating, the lowest possible, which described the service as “poor with uncertain prospect [*sic*] for improvement”. This contributed to Lambeth’s overall “poor”

rating (again the lowest possible) for governance and services in the Audit Commission's Comprehensive Performance Assessment (CPA) that year, one of only four London Councils and 13 nationwide to receive this grade.

Net expenditure on libraries per 1,000 population was £10,283, around half the London average of £19,912, and a significant real-terms fall since 2003, when it had been £17,190.'

This was compounded by a lack of continuity in senior management of libraries, with no Head of Libraries being in post for several years, which in turn has "had a negative impact on service development, community engagement and staff morale."

Consistently low levels of investment in libraries surely contributed to 2013-14 findings from the Chartered Institute of Public Finance and Accountancy (CIPFA) that Lambeth had "the lowest level of book stock per 1,000 population and the lowest level of book issues compared to other boroughs in their comparison group". Lambeth was also in the bottom quartile for library visits, computers available and active borrowers per 1,000 population. The following year Lambeth once again came bottom among peers across a number of metrics relating to public library visits, book stock and computers available.

Yet more cuts

More recently, cuts to Lambeth's libraries budget since 2010 were always explained as being the direct result of central

government austerity, which has meant Lambeth has had to find some £182m of savings since 2011.

Despite a meagre spend of much less than 1% of Council expenditure, and the fact that “cutting the budget for libraries, parks, sports and arts by up to half is less than 5 per cent of what the council has to save overall“, Lambeth’s Libraries and Cultural Services became a target for savings in early 2015.

The cuts came in the form of *Culture 2020*, a comprehensive cultural plan covering parks, sports and artistic facilities, which included proposals to sell two libraries and halt funding for a further three. Together with other changes this would take the Libraries and Cultural Services budget from £10.4m in 2014 to £6.5m by 2018.

Culture 2020 caused uproar

Culture 2020 was hugely controversial from the start, not least as an alternative plan which kept all 10 of Lambeth’s libraries open whilst making the required savings was presented by Lambeth’s Head of Libraries, Susanna Barnes.

It was rejected on the grounds that it would take too long to implement, and that it did not contain a full business plan.

Uproar greeted Council proposals contained in a second, unconsulted version of *Culture 2020* to install gyms in library buildings, including the Carnegie Library and Tate South Lambeth (which just a few months earlier was described by the Department for Culture, Media and Sport as “unique, pioneering and innovative”, and whose visitor numbers doubled from 93,592 in 2014 to 180,623 in 2016 making it

one of the most successful libraries in the Borough).

The **failure to use a tendering process when selecting GLL/Better** as a business partner for the gym project, on the grounds they already offered leisure services elsewhere in the borough, was another point of contention.

And, crucially, plans to install gym services in the Carnegie or Minet Libraries **never went to a public consultation**, a key factor in motivating protesters who claimed that no demand existed for such services in the area, and highlighted the **much-improved performance of the Carnegie** in recent years in arguing for it to be retained.

‘Regeneration’ provided further subtext to the campaigns, as **Lambeth Cabinet papers from 2009 suggested the Carnegie Library “would be ideal for sale for a private residential flat conversion”**.

Culture 2020 lent weight to local community groups’ fear that the Council viewed the Carnegie site as a prime target for redevelopment, and that library sites more widely were targets.

The Council in 2015 had publicly spoken of the possibility of using the Minet library site “for the provision of social housing”, and in an earlier 1999 Lambeth Labour leaflet had proposed closing several libraries.

Overall, the *Culture 2020* proposals came to be seen as ill conceived, against the wishes of affected communities, and flying in the face of the ‘Co-operative Council’ approach announced just a few years earlier, which purported to put community views at the centre of the Council’s policymaking process.

GLL deal pre-dated Culture2020 approval

Now, using information obtained by the *People's Audit* team under the Local Audit & Accountability Act and Freedom of Information Act, the scale, scope and timing of the deal struck between Lambeth and GLL during the *Culture 2020* consultation is clearer.

Among the information is email correspondence between Lambeth Council and Greenwich Leisure Ltd (Lambeth's main health facilities provider) **sent the day after a crucial Lambeth Cabinet meeting on 12th October 2015 at which Lambeth approved *Culture 2020*.**

The emails were sent between Dave Behagg, GLL's Deputy Head of Development and Partnerships and Donna Wiggins, Lambeth Council Lead Commissioner. They show Mr Behagg urging Ms Wiggins to conclude the details of a "service" to be undertaken by GLL as part of the arrangement.

The timing of the emails (October 13th/14th and November 2nd, 2015) and references in the *Culture 2020* report to negotiations between Lambeth Council and GLL mean this is highly likely to refer to 'healthy living centres' to be installed in Lambeth library buildings, including the Carnegie and Minet libraries:

"Following last night's cabinet confirmation, please can you write confirming the key elements, including:

- 1) GLL to operate the service from April 2017-March 2022
- 2) £1m per year reduction in management fee, commencing April 2015

We can then proceed to invoice you for £467,747 for 2015-16."

When Ms Wiggins says she is unable to secure final confirmation immediately as Councillors must be given five

days to request a 'call in' review, Mr Behagg asks "can I therefore assume your letter next week will be prompt because you will have had the intervening period to line it up?".

This indicates GLL's eagerness to conclude the deal - which it must be assumed is in their commercial interests - and underlines the weight they attach to arriving at an agreement as swiftly as possible.

When did Lambeth start talking to GLL?

Strikingly, a £1m per annum reduction from 2015-2022 would amount to some £7m in fees to be foregone by GLL - around a third of the total contract value of £20m for the 15 year leisure services contract.

It would be remiss not to ask what GLL expect to receive for such a substantial reduction, or what the motivation might be, in light of the reduction, in proceeding with the costly and disruptive Culture 2020 consultation when a £1m per annum discount would have made the savings required from the Libraries & Cultural Services budget from 2015-2018?

This is especially so as the final *Culture 2020* report makes only passing mention of "[i]nitial negotiations" with GLL, adding that "GLL have agreed with the council to apply £1m of the shared development pot capital balance towards the fit out of the healthy living centre trial".

However the emails indicate that, at the time of the Culture 2020 report, negotiations between LBL and GLL were very advanced and that the outline of the deal was essentially in place, with only final agreement missing.

The Council is now refusing to give information on the date of first contacts.

A Freedom of Information request from Lambeth resident Jerry Green asked: “Please supply the dates of the first correspondence (letter/fax/email etc) between Greenwich Leisure and Lambeth council in relation to the Carnegie Library, Herne Hill.”

The Council replied: “We do not have access to this information. Unfortunately the officer who had initial contact with Greenwich Leisure in relation to Carnegie has left the Council.”

Reduced management fee - who benefits?

In reply to a Member’s Enquiry from Green Party Councillor Scott Ainslie, Lambeth Council say “[t]he £1m saving from the contract in 2015 is being used to underpin the transitional period (i.e. it was not taken as a saving). Funds are being held and used to help underpin the parks maintenance budget – initially in 2016/17 and 2017/18. From 2016 we’ve had to deliver savings in the leisure budget. These savings have been delivered through the reduction in the management fee.”

This makes it clear that the GLL management fee reduction is the same one under discussion in the email correspondence. However the decision to use it to “underpin the parks maintenance budget” is perplexing - the Carnegie and Minet libraries were both closed on April 1st 2016 to achieve savings in the Libraries budget.

When the Members’ Enquiry response says these savings have been “delivered through the reduction in the management fee”, we must ask: why are the libraries

closed? Was the management fee reduction contingent on the installation of leisure services at one or other of the Carnegie or Minet sites?

Why was the alternative plan rejected?

The stated reasons for the rejection of the alternative Barnes Plan must also be reassessed in this light. The Council assessment of the Barnes Plan said the “proposal does not satisfy the assessment criteria and does not deliver within the agreed financial budget for 16/17 or fully meet the agreed policy framework of *Culture 2020*”.

However, despite Council refutations, closing the Carnegie and Minet libraries does seem to have cost at least as much as keeping them open would have, and, with several million pounds in capital spending committed to converting the Carnegie building into a gym, the chances of making any savings in FY2016/17 are remote.

Had the Barnes Plan been adopted at the time the proposals were made in April 2015, and again in early 2016, it may very well have been in place and achieving savings.

Well into 2017 the Council plans continue to languish in the planning stages.

Even the most generous projected outcomes, set out in October 2015, do not deliver the £800,000 savings from the Libraries and Cultural Services budget required by Culture 2020 (at least partly because the operational budgets of Lambeth’s libraries, far from being “costly” are actually minimal, with the closed Carnegie & Minet libraries costing a combined £294,000 in 2014/15, excluding central costs such

as stock transfers and purchases).

Was the deal with GLL a foregone conclusion?

The GLL/Lambeth correspondence suggests the council had already committed to allow GLL to operate in Lambeth libraries prior to Culture 2020.

It is also now clear that high-level negotiations on the implementation of healthy living centres in Lambeths libraries had been taking place since July 2015, when Lambeth Chief Executive Sean Harriss met GLL, with Lambeth officials following up the next day to arrange a further meeting “to begin discussion around the detailed proposals for the library sites which have been identified as potential healthy living centres”. Given this, it is hard to see the outcome of Culture 2020 as anything other than a foregone conclusion.

The issue of timings came into renewed focus in January 2017 with the confirmation from a senior Lambeth Labour Councillor that the redevelopment of the Carnegie site would not be completed until the end of 2017, and then only “if planning, works commencement/ completion & transfer milestones are all hit”.

This is apparently an audacious *volte face* from the Council’s previous policy statements, presented robustly and often throughout the Carnegie occupation and afterward, that the Carnegie site would “reopen in early 2017”, that “there are ten libraries in Lambeth now, and there will be ten libraries in the future”, and that “[d]espite Tory cuts, we're keeping library services open in 10 locations in Lambeth”.

Cllr Dickson’s admission significantly weakens a core

plank of the Council’s defence over handling of the Carnegie project, namely that the community/staff mutual would take too long to plan and implement and would not deliver savings in the desired timescale.

The issue of timing reoccurs throughout the Council’s assessment of the Barnes Plan, which ultimately led to it being rejected: “the staff and community mutual would not be operational from April 2016. Substantial work is necessary to just develop and agree realistic timescales to develop a business plan...[a] robust and complete business plan would require external financial and legal support and substantial further detailed work and this would take some significant time...[t]imescales for this criteria would be dependent on the production of a robust business plan. Likely to be 12 months +”.

Cllr Dickson’s admission highlights the Council’s wildly optimistic estimated timings, and adds weight to local group’s claims that library services will not be in place at the Carnegie site for many months, citing the earlier case of the West Norwood library as an ominous precedent.

Reduced management fee could have saved the libraries

The precise treatment of funds saved through GLL management fee reductions is also unclear. This is important as it highlights the **contradictory explanations** already given by the Council in describing proposals to spend £2m on the establishment of GLL ‘healthy living centres’, with an additional £1m coming from a “shared development fund with GLL”.

However, these savings are described variously as being “derived from an agreement with GLL for the purpose of developing the proposed health [*sic*] living centres” to be “allocated for the entire library programme...[to] fund the refit of some libraries into healthy living centres”, in the aforementioned Members’ Enquiry as being used “to help underpin the parks maintenance budget – initially in 2016/17 and 2017/18”, while the Lambeth/GLL email correspondence refers to the funds only as a “reduction in management fee”.

Whichever way, the £1m discount amounts to around 30% of the 2014/15 annual libraries budget, and would have been more than enough to save all ten Lambeth libraries, as well as leaving significant headroom for capital investment in a service which, as Lambeth Council itself said in a 2012 libraries consultation, has been subjected to “40 years of underinvestment”.

Contradictions remain too in Council explanations of the source of the funding for the Carnegie library refurbishment: while the *Culture 2020* report states “GLL have agreed with the council to apply £1m of the shared development pot capital balance towards the fit out of the healthy living centre trial” while in a Lambeth Cabinet meeting statement in February 2017, Cllr Jack Hopkins, Cabinet member with responsibility for libraries, said that funds to install gym facilities in the Carnegie library building would be taken from an otherwise unspecified “capital pot”.

Library buildings - a sprat to catch a mackerel?

An especially concerning aspect of the correspondence is that it seems to show **Lambeth’s libraries being used as**

bargaining chips with which to secure corporate support.

This is seen when Mr Behagg says of the management fee reduction: “finalisation of this initial matter unlocks progress in a number of other areas, in particular we [GLL] will be able to confirm our sponsorship of the Black Cultural Archives”.

While sponsorship for an important cultural initiative such as the BCA is to be welcomed, the manner in which it seems to have been secured in this case is worrying.—So is the failure to mention such conditionality in the *Culture 2020* report, which says only of the sponsorship that “[a]s a consequence of the *Culture 2020* consultation Greenwich Leisure Limited have stepped forward to offer BCA a sponsorship deal worth in the region £100k pa, which will include £50,000 revenue and £50,000 in-kind technical support”.

Nowhere in the final Culture 2020 report is it mentioned that BCA sponsorship is subject to conditionalities, nor that the sponsorship hinges on the Council’s agreeing to allow GLL access to other sites and to provide other services.

It is likely that many library users would see such sponsorship very differently had they known the strings attached to GLL’s sponsorship of the BCA.

Unless other powers of exit are retained elsewhere, the removal of contractual break clauses in the leisure services contract would seem to tie Lambeth into a commitment lasting until the end of the current leisure services contract in 2023.

The Council’s funding for healthy living centres is to come mainly from future profits from leisure services (as well

as potentially Section 106 funds).

If the healthy living centres do not prove to be profitable, other services' budgets will need to be co-opted in lieu of such profits, all to fund a project for which a business plan has still not been published and which still has never been publicly consulted on.

Failure to consult - why?

Local campaigners have always cited Lambeth's failure to consult on the Carnegie plans as a key point of contention, especially after a public consultation on proposals to install gym facilities in the Tate South Lambeth library showed residents overwhelmingly favoured the retention of full library services - of 1,223 responses received at the Tate South Lambeth consultation, 1,186 said they favoured retaining a full library.

Failure to consult highlights a lack of clarity around the choice of GLL in being chosen as the supplier for the Carnegie project in the first place.

In a Freedom of Information request response in December 2016, Lambeth Council say "[t]he Cultural Services by 2020 consultation from Jan-April 2015 specifically invited independent charitable trusts, community trusts and enterprises to come forward. GLL submitted a proposal which included using buildings and assets differently to generate new sources of income that would offset cuts in funding. We subsequently followed this up this with GLL and this resulted in the idea of the healthy living centres emerging. No other Leisure operators responded to the consultation. An offer to tender was not published by the council. The existing

contract with GLL allows us to vary other leisure facilities into the contract without going to the market.”

However, the email correspondence released to the *People’s Audit* shows that **conversations with were at an advanced stage well before Culture 2020 was approved by Cabinet in October 2015.**

This is reminiscent of the obscurity surrounding the early stages of Lambeth’s partnership with the Picturehouse cinema chain to redevelop the West Norwood library/Nettlefold Hall site; while Council papers say Picturehouse “expressed an interest in pursuing redevelopment of the site”, elsewhere Councillors say they “first approached Picturehouse in late 2011 and met with them in the spring of 2012 to put forward our idea for a combined library and cinema for West Norwood”.

This issue is especially important as it highlights **Lambeth’s chequered history with public consultation.** The Borough gained unwanted attention in 2016 after a landmark ruling compelling it (and other local authorities) to release information on how the Council worked with developers to calculate the proportion of affordable housing to be included in new developments (the Council argued this information would compromise the developer’s commercial confidentiality).

Lambeth have also fought two judicial reviews in recent years over the planned demolition of the Cressingham Gardens estate, winning one and losing one.

While Lambeth have left no doubt whatsoever that central government austerity is their claimed motivation for the *Culture 2020* project, **the consultation was also supposed to be a roadmap for Lambeth’s cultural offering for years**

to come.

Was it in fact a rubber-stamp for GLL to increase its footprint in Lambeth?

Questions for GLL/Lambeth

In summary, the above raises many questions for LBL and GLL, including:

- Council responses describe an initial £1m GLL/Better fee reduction as “a one off reduction in...management costs”, while elsewhere they state that it is “annual for several years”. How did this confusion arise?
 - Were “incumbent suppliers” other than GLL asked or encouraged to make an application to run healthy living centres, including at the Carnegie site?
 - How did sponsorship of cultural services including the Black Cultural Archives, come to be contingent on GLL/Better providing other services in Lambeth, and why was no mention made of this in the (otherwise extensive) *Culture 2020* report?
 - Why have millions of pounds been budgeted to install gyms in library buildings when the money was urgently needed to support a library service which, despite decades of upheaval and underinvestment, continues to see buoyant demand, and when the Council have repeatedly said that cuts to library budgets are to prevent the loss of front-line services for vulnerable people?
 - Did Susanna Barnes’ alternative community/staff mutual plan ever stand a chance given the parallel -

and apparently advanced - negotiations with GLL?

Libraries denied Section 106 funding

A further twist is Lambeth's failure to use 'Section 106' (S106) funds to shield libraries from the worst of the cuts.

Despite receiving tens of millions of pounds in S106, (used by Councils to offset costs incurred from new developments), in recent years, Lambeth have directed just £15,221 S106 to Libraries since 2008/09. In fact, Lambeth spent no S106 funds at all on libraries in 2013/14 and 2014/15, during which time they collected £16.7m from developers.

Lambeth actually had a £257,000 underspend on S106 library funds in the year to March 2015, shortly before they proposed to sell or cease funding several libraries due to lack of funds.

Lambeth's library users will find it odd that, while the borough sees expensive luxury apartments proliferate, just streets away public libraries close or are forced to fight for survival.

All this is especially puzzling as other schemes used far less than libraries are supported with S106 funds - including a 'Car Club' and 'Revenue Maintenance' - while the Vauxhall and Nine Elms development received £2.3m, around two-thirds of the entire annual library budget. Libraries, it seems, just aren't a priority for those negotiating S106 agreements for the Council.

Borough auditors ignore public concerns

Lambeth's auditors, KPMG, are also left with questions to answer.

The *People's Audit* team presented KPMG with a GLL invoice, obtained from the Council under the Local Audit & Accountability Act, for the exact amount (£467,767, before VAT) described by Mr Behagg once the GLL fee reduction was applied.

On the invoice is a handwritten note: "Reduced fee_Culture 20.20". Despite this, **KPMG twice refused *People's Audit* requests to issue a statement of concern regarding the Council's accounts.** This in itself is hugely worrying.

Since the Audit Commission was abolished there is no overarching oversight of the more than £90bn spent by British Councils each year, or of the quality of decision-making or value-for-money achieved in this spend.

This makes the role of auditors absolutely critical in ensuring compliance, reducing risk and assessing value for money. But for this to happen, **auditors must take issues raised by the public seriously.**

The Local Audit & Accountability Act 2014 was brought into statute to mitigate a lack of scrutiny which may arise of local government planning and spending in the absence of the Audit Commission. However, for it to perform this function, auditors must work together with a spirit of collaboration with the public.

Constant attempts to close libraries

The 2016 Carnegie occupation is far from the first

instance of civil society groups stepping in to defend Lambeth's libraries. A Lambeth Council report of September 2003 says "[a]n unintended but very positive consequence of the previous [Labour] administration's attempt to close libraries was the emergence of a very strong Friends of Lambeth Libraries movement."

The reference to earlier efforts to close libraries eerily foreshadows the modern situation: according to Council papers, **the Labour administration of 1998-2002 attempted to “to close all the smaller libraries in Lambeth... succeeding in closing two”**, leaving the service **“grossly under-funded and demoralised”** and ultimately contributing to one of the few post-War instances of Labour losing control of the Borough.

This makes Lambeth library users' strength of feeling regarding their libraries clear, and offers a stark warning to the current Lambeth Labour administration.

Given this, and the tangle of outstanding questions raised above, we may see the words 'Lambeth', 'library' and 'controversy' used together for some time to come.