

APPENDIX G**Public Consultation into Library Savings Proposals****Increased Cost Effectiveness**

1. As part of the consultation process, a challenge was put forward that where a library 'proved to be more cost effective per issue or loan' they should be given a degree of funding protection.
2. There are many factors to consider when judging cost effectiveness and aspects specific to the County Council have been detailed below. In addition to this, general cautions to using a measure such as cost effectiveness have also been highlighted.

Specific factors impacting the measure of cost effectiveness

3. When trying to apply proper cost effectiveness analysis, it is important to make sure that current costs can be compared on a 'level playing field'.

Premises

4. The County Council library service is delivered through several buildings and a complex asset base which inevitably leads to varying degrees and levels of costs between the different properties. Many of the current library buildings are those that were inherited when the County Council was formed in 1974 and there are also a number that have been re-provided in a new build or refurbished buildings.
5. Due to the above, some libraries will incur higher premises costs (eg where there are multiple floor and lifts), whereas some will enjoy lower premises costs (eg those that are modern with improved energy efficiency) and this in turn will have a direct correlation upon that library's running costs. In addition to this, some buildings are rented on commercial rent values and some are leased by the County Council at market rents – all of these can lead to significant variations in premises running costs.

Staffing

6. Current staff costs will vary from library to library dependant on the following:
 - a. total opening hours;
 - b. the 'busyness' of the library;
 - c. the minimum staff numbers required to satisfy health & safety requirements;
 - d. whether the building has multiple floors to manage;
 - e. Services beyond the basic lending and information service;
 - f. Population served;
 - g. Size of the building

Other

7. Some libraries that offer other services will have higher costs. A good example is Loughborough Library which has high premises costs (due to size and construction). It also provides a large local studies collection which is very popular, but is for reference only – this means that it will generate no loans but does need staffing support. This will potentially skew any cost effectiveness calculations for this site.
8. As part of the ‘using buildings better’ services strategy there have been closures of some Market Town and Shopping Centre libraries for significant periods of time. Due to the temporary nature of these works/closure periods, staff costs were still borne within the service and these will also impact any measure of cost effectiveness. Appendix C contains details that support funding for the highest performing libraries (16 libraries).

Issues with using cost effectiveness as a measure

9. Cost effectiveness is incremental by nature. The time horizon of a meaningful cost effectiveness analysis extends beyond the data that is available and therefore any protection implemented on this measure would not be sustainable over a long period of time.
10. If this proposal was to be considered, to ensure fairness, it would be have be trialled with a group of libraries, with that data set used to direct further progress. However, cost effectiveness analysis is very dependent on the quality of data. Decisions on the protection of individual libraries could potentially suffer if the trial is biased or not adequately generalised. It is therefore felt that cost effectiveness is not a reliable measure to be used in making decisions about whether to protect individual libraries or not.
11. For the cost effectiveness to be meaningful it should have an ‘appropriate’ comparison group. Ideally this group should represent the current standard, assuming that this standard is, itself, reasonably cost effective. It would have to be decided and agreed what is an appropriate comparison group for Leicestershire.
12. Cost effectiveness does not necessarily mean an efficient or a quality service. The County Council has other historical performance indicators in place, such as CIPFA statistics/benchmarking, loans, visits and customer satisfaction, to measure such activity.

Conclusion

13. Effectiveness is quite subjective to measure and can mean different things to different people; through the consultation process the Council has sought to identify those areas of the library service that resident’s value and the current proposals seek to protect these.

14. Unless the provision of the library service was identical - same buildings, with the same running costs and staffing, then it is not felt that cost effectiveness should be the most significant factor used when making decisions for which libraries should continue to be funded or protected.

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