

Proposed Cessation of Library Services at Tarbert and elsewhere within Argyll & Bute

The proposed cessation of library services at Tarbert and other locations in Argyll & Bute has been presented by Kevin Anderson and Paul Ashworth of LiveArgyll as an unavoidable and inevitable consequence of the 2025-2026 Argyll & Bute Council Budget which set the 2025-2026 Annual Services Payment below the figure requested by LiveArgyll.

This position is not supported by the facts and it is clear that this decision has been made without proper consideration of alternative balancing actions, without properly following the agreement in place between Argyll and Bute Council and LiveArgyll and without an understanding of the statutory status of library services. It further appears to be that case that by presenting the proposed Public Library closures as a consequence of delegated management decisions made by an 'arms length' organisation Argyll & Bute Council may have intended to avoid proper scrutiny of their actions and to evade their statutory responsibilities.

Live Argyll - Background and Governance

LiveArgyll is a Private Company Limited by Guarantee, constituted in 2017, registered as a charity with OSCR and under the sole control of Argyll & Bute Council.

Kevin Anderson has held the position of Chief Officer since LiveArgyll was incorporated having previously being an officer of Argyll and Bute Council.

LiveArgyll has a substantial management team with a headcount of eleven including the Chief Officer (according to the LiveArgyll website). The total management cost for LiveArgyll cannot be established from the most recent set of published accounts. According to the 2023-2024 Accounts, the average total employee headcount was 307 with one member of staff receiving remuneration in the range £60k-£70k pa and one member of staff receiving remuneration in the range £80k-£90k pa.

Argyll & Bute Council exercises control of Live Argyll through the following mechanisms:

- 3 elected Councillors sit as Directors on the board of LiveArgyll
- the business of the Community Services Committee
- the provisions of Services Agreement between Argyll and Bute Council and LiveArgyll which was signed on 29th September 2017. Of particular interest are the following sections:
 - 'Section 2 – Services'
 - 'Schedule Part 3 – Change Control Procedures'

The Services Agreement runs to 130 pages but is short on detail and in particular does not itemise a schedule of the services to be provided by LiveArgyll in exchange for the Annual Service Payment paid by the Council (approx. £3,2m for 2025-2026).

It is important to note that in addition to the Annual Service Payment, LiveArgyll receives the free use of Argyll & Bute Council property and that utility costs (and possibly other costs such as insurance, maintenance etc.) are directly met by the Council and do not appear in the published LiveArgyll accounts.

Library Services in Tarbert and elsewhere in Argyll & Bute

Library provision is a statutory service in Scotland which means that the provision of adequate library services is protected by Law and that Argyll & Bute Council have specific duties and responsibilities in this regard under the provisions of The Local Government etc. (Scotland) Act 1994, The Human Rights Act 1998, The Equality Act 2010 and other relevant legislation. Several recent library closures in other Scottish Council areas have been subject to legal challenge and at least one of these challenges has been granted legal aid assistance.

The 2017 Service Agreement requires LiveArgyll to ‘Provide a comprehensive library and information service to all those who live, work, study or visit Argyll & Bute’ and also highlights the following impacts which would result from any loss of Library Service Provision:

- ‘any reductions would have a disproportionate adverse impact on vulnerable and disadvantaged individuals and groups’
- ‘Reduction in physical access to services will compromise social inclusion’
- ‘Loss of facilities will compromise support for learning and literacy’.

Tarbert Library is included in the itemised schedule of A&B Council facilities transferred to LiveArgyll with a scheduled opening of 12 hours/week and FTE staffing of 0,4.

According to the Service Agreement any change in the level of Service Provision requires that a Change Request be made to the Council by LiveArgyll and that any such Change Request be agreed by the Council.

Given the legal protection attached to Library Service Provision referenced above it would be reasonable to expect that Council would need to be satisfied that its responsibilities had been met and that the changes had been agreed by a vote of elected members before any Change Request could be properly agreed.

Enquiries made by two of our local Councillors who also sit on the Customer Services Committee have so far failed to produce any evidence that the required Change Requests have been submitted or approved.

It appears that the decision to close Tarbert Library was made by the LiveArgyll Board without proper consultation, without an impact assessment and without seeking the agreement of Argyll & Bute Council as required by the Services Agreement.

Furthermore, the decision was not properly communicated by either LiveArgyll or Argyll & Bute Council and the local community were only initially made aware of the proposed closure when community representatives were approached by the press for comment.

LiveArgyll Financial Performance and Benchmark comparison

The services provided by LiveArgyll can be divided into 2 categories:

- a. Statutory, non-revenue generating services: Archives, Community Learning, Libraries & Sport and Development. As a consequence of their non-revenue generating status this category of services has very little scope for alternative provision which is why they are protected by Scottish Law. Libraries are an exemplar of this category: there are no Public Library facilities available other than those provided by LiveArgyll on behalf of Argyll & Bute Council. Furthermore, it is highly unlikely that any alternative provision will be available in the future due to the costs involved and the fact that libraries can only be successful when professionally run as part of a network.

The LiveArgyll December 2024 Funding Request acknowledges this position: 'These services are mandated by Government' and further states that the Management Fee is more than adequate to meet these needs: '... a base net cost of £2.15m for 2024-2025. This equates to approximately 66% of our annual services payment from the council...'

- b. Non-Statutory, revenue generating services: Community Centres, Community Lettings, Halls and Leisure. As these services are chargeable at the point of use, there is considerable scope for alternative provision and competition from the private sector. This is particularly true for Leisure where there are many facilities and activities available in Argyll and Bute out with LiveArgyll's offering:

- Bowling
- Cycling
- Dance
- Jog Scotland/Running
- Golf
- Gym Facilities (notably The Journey in Helensburgh and Dunoon)
- Paddlesports (SUP and Kayak)
- Sailing
- Shinty

- Soccer
- Surfing
- Swimming (Outdoor swimming groups and other facilities e.g. MacPool)
- Tennis
- Walking
- Yoga

LiveArgyll's position (stated in meetings by Kevin Anderson and Paul Ashworth) is that revenue generating services cannot be cut as the generated revenue helps to pay for essential non-revenue raising services. Unfortunately, this position is not supported by the evidence or by LiveArgyll's own statements. It is clearly stated in the LiveArgyll December 2024 Funding Request that 'Overall for each £1 invested in Leisure, LiveArgyll generate £0.68 via self generated income'. What this actually means is that LiveArgyll are running their revenue-raising activities at a loss of 32%! In reality, LiveArgyll's performance is much worse than this as the above figure does not include the cost of buildings and utilities which are absorbed directly by Argyll and Bute Council.

To put this in context, we have benchmarked LiveArgyll against a direct competitor providing Leisure Services within Argyll and Bute:

- MacPool (an independently run Swimming and Leisure facility in Lochgilphead) is maintained as a going concern with very minimal financial support from Argyll and Bute Council (£11,2k in the year ending 31/03/2024 compared to total costs of £457k)
- During the same financial period, utilities and building costs were the second and third largest overheads for MacPool (behind staffing costs) amounting to 16% and 7% respectively of turnover. This demonstrates that LiveArgyll enjoys a significant commercial advantage over its competitors arising from these costs being met directly by the Council and therefore not being included in LiveArgyll's accounts as overheads.

According to the Scottish Public Finance Manual, Argyll and Bute Council (and LiveArgyll as their proxy) have well defined responsibilities under the Local Government in Scotland Act 2003 (duty to secure best value) and the Competition Act 1998 (anti-competitive practices).

Annex 4 of the SPFM states the following:

- 'Public sector organisations need to take care if they provide services which compete with private sector suppliers of similar services, or may do so. It is important that they respect the requirements of competition Law'.
- 'Services should be costed in line with normal rules for full cost recovery.'
- 'If a public sector organisation decides not to recover full costs for a while, it should take care that: (...) its products and services are not charged at less than

their average variable costs (...) the charging strategy is compatible with full cost recovery over the medium term (...) any cross subsidies between services should not drive prices below average variable cost.

- d. 'Public sector organisations should normally plan to meet their financial objectives. If necessary, this may mean adjusting prices or managing the cost structure (...) to achieve adequate efficiency. In particular, if a public sector supplier forecasts a deficit it should take remedial action promptly.

The Local Government in Scotland Act 2003, Part 1 states the following:

- a. 'It is the duty of the local authority to make arrangements which secure best value'
- b. 'the local authority shall have regard to efficiency; effectiveness; economy'

As demonstrated above, LiveArgyll is operating its revenue raising services at an overall loss well in excess of 32% (when costs absorbed directly by A&B Council are considered), and is significantly outperformed by an independent charity in the case of MacPool. It is clear that LiveArgyll does not offer best value and that the continued failure of LiveArgyll to recover its costs for revenue raising services poses a serious risk of contravening the requirements of the Competition Act 1998 which is in effect in Scotland. Furthermore, it is evident that none of the governance mechanisms currently in place have either identified or addressed these failures.

Conclusions

The original decision to close Public Libraries at Tarbert and elsewhere in Argyll and Bute was made by the LiveArgyll Board without due care, without the consultation processes and impact assessments required under Scottish Law, without proper democratic scrutiny and without any consideration of alternative actions to balance the LiveArgyll budget for 2025-2026.

LiveArgyll enjoys a significant commercial advantage over its competitors (actual or potential) due to the costs which are met directly by Argyll and Bute Council and therefore, do not appear in the published LiveArgyll accounts. Despite this, LiveArgyll operates its revenue raising services at an overall loss of 32% (according to its own published figures). It can thus be demonstrated that LiveArgyll is massively underperforming when benchmarked against competitors, that LiveArgyll does not offer best value and that Argyll and Bute Council may be in breach of the law by allowing LiveArgyll to continue to operate revenue raising services at a loss and without any serious attempt to recover their costs as required.

The Annual Services Payment made by Argyll and Bute Council is sufficient to maintain statutory (non-revenue raising) services (including Public Libraries) at their 2024-2025 level through 2025-2026 and for the foreseeable future.

LiveArgyll's decision to reduce Library service provision is a consequence of their choice to prioritise uneconomic, loss-making revenue raising leisure services over core, statutory services including Public Libraries.

The fact that LiveArgyll were allowed to make this decision independently and that this decision has subsequently been suspended following a public outcry and lobbying by elected Councillors demonstrates that the existing governance arrangements for LiveArgyll are not fit for purpose and need to be urgently reviewed and revised.

As previously identified and documented by Argyll and Bute Council in the 2017 Services Agreement, Public Libraries are an essential public service. The potential cost saving accruing from the proposed closure of Tarbert Library is assessed by LiveArgyll at £15k pa: the value of this vital service to our community far exceeds this sum.

I urge you to oppose the proposed closure of Public Libraries by LiveArgyll, to urgently seek a review of the governance arrangements in pLiveArgyllce for LiveArgyll, and to lobby for a revised Service Agreement with proper specification of services and a provision for a proportion of the Annual Service Payment to be ringfenced for non-revenue raising services for 2026-2027 and into the future.