

11 March 2025

Dear Bruce and Sylvia,

Thank you for your open letter. We appreciate that the loss of our contract puts you and Suffolk Libraries in a challenging position with an uncertain future. Please be in no doubt, we did not enter into this renewal process expecting to find ourselves in this position. If we had intended to take the contract back in house, we would have simply let the current contract end in May, without any commercial tender process or direct award negotiations.

However, finding ourselves with no alternative, we believe that by recommending that the library service be returned to the full care and control of Suffolk County Council (SCC), we are not only doing what's best for the library service across Suffolk, we are providing more certainty and security for frontline staff and library volunteers, as well as ensuring the library service people value remains open and accessible to them.

We had hoped to make all the information and evidence contained within this letter public; however, as you know, Suffolk Libraries has refused to give its permission for this information to be shared publicly. As a result, parts of this letter are redacted.

The negotiations

In your open letter, you express disappointment at having to go through a commercial tender process, referencing Suffolk Libraries as a trusted partner organisation rather than a commercial provider of a transactional service. However, Suffolk Libraries is both a partner organisation entrusted with delivering the library service and a commercial provider receiving significant public funding from Suffolk taxpayers (circa £6.8m a year) in return for managing it on behalf of SCC.

Whilst both roles can be true, neither entitles Suffolk Libraries to special treatment or exemption from the legal requirement to follow established procurement rules. SCC, as the contracting authority, has a legal obligation to ensure transparency, fairness and compliance with procurement regulations, which necessitated a competitive tender process.

SCC identified a marketplace for the provision of library services, as several organisations across the country operate libraries on behalf of local authorities in a similar way to Suffolk Libraries. While Suffolk Libraries was ultimately the only organisation to submit a formal bid, other organisations expressed interest in competing for the contract, demonstrating that a market does exist.

Given this, it was never reasonable to expect that discussions would be limited to a direct award, as both Suffolk Libraries and SCC were aware of other potential providers. The existence of a competitive market meant SCC was legally required to conduct a commercial tender process.

Even if the circumstances had been different, the library service contract represents over £80m of public funding over its lifespan. As the contracting authority legally responsible for ensuring value for money, SCC had a duty to undertake a full, open and transparent procurement process before awarding a new contract. This was not intended as a slight against Suffolk Libraries, but rather a necessary step in meeting SCC's legal and financial responsibilities while ensuring the best provider was selected for the service.

When an organisation is seeking to renew its largest contract, which accounts for over 50% of its total income and is critical to its financial stability, it is unusual - and we would suggest counterproductive - to adopt a negotiation approach that includes:

- Demanding more money whilst simultaneously proposing significant cost reductions through library opening hour cuts, without any consideration of reducing back office and senior staffing costs.
- Demanding a [REDACTED].
- Introducing [REDACTED] forcing SCC to terminate the procurement to remain legally compliant.
- Insisting on retaining [REDACTED].
- Sharing a letter with the awarding authority stating [REDACTED].

The approach Suffolk Libraries took, as outlined above, ultimately undermined the procurement process and made it impossible for SCC to proceed in a legally compliant way.

We were then forced to attempt a direct award for a shorter contract to allow time to arrange another attempt at a commercial tender. The approach taken by Suffolk Libraries was surprisingly hostile to agreeing a deal. Including [REDACTED]. These discussions ended when Suffolk Libraries rejected our final offer of a direct award contract [REDACTED], on the 20 January saying they couldn't accept it.

This left SCC with no viable alternative but to recommend insourcing the library service on the expiration of the original contract, a lawful and responsible course of action.

Detailed Review

Suffolk Libraries underwent a financial review by SCC's Internal Audit team two years ago, which confirmed that its financial controls, governance arrangements, and management accounting processes were sound. However, this review wasn't a formal assurance audit and did not assess long-term financial planning or contract budget management.

Aside from a lack of transparency over Suffolk Libraries' long term financial projections, at that time we had no issue with how the service was being run, and we have never stated that Suffolk Libraries wasn't doing a good job. However, SCC's current decision is not based on this single review but on the financial data, contractual negotiations, and stated positions provided by Suffolk Libraries over the past six months during the contract negotiations

Index linking the contract

SCC does not index link contracts which sit within the Public Health and Communities directorate. This is because those contracts are provided on a fixed grant basis, and the money we get from government to provide those grants doesn't get an inflation-based uplift. This means the value at award is the total value of that contract for the life of the contract.

What SCC does do, and has done with the Suffolk Libraries contract, is work with its providers to consider uplifts in the value of the contract where evidence can be provided to show costs have risen more than the funding provided to meet those costs. These uplifts are funded by raising council tax, or by making savings elsewhere within SCC, neither of which we do lightly.

As you know the value of Suffolk Libraries contract was increased by £720,000 per year (12% of the contract value) in 2023/2024 in response to the evidence provided by Suffolk Libraries in relation to cost of living and inflation.

The evidence and the cuts

All the evidence we have used to support our decision making throughout the process of contract renewal, and negotiation, has been provided by Suffolk Libraries.

On the 15 October 2024, Suffolk Libraries provided SCC with a detailed proposal to cut library opening times across Suffolk. This was a response to SCC's inability to change the current contract to include indexation, which would have been a material change to the current contract and not possible as Public Health and Community contracts do not have indexation for the reasons we have covered. They demanded these cuts to be applied to the current contract, and to any new contract awarded.

The detail and scale of these proposed cuts by Suffolk Libraries, is below.

Appendix A – library opening hours

Library	Current opening	Proposed opening	Difference
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

SCC could not, under any circumstances, have accepted service reductions of the scale proposed by Suffolk Libraries, particularly cuts of up to [REDACTED] in libraries like [REDACTED], where community services are especially essential. SCC has always been willing to consult with library users to explore ways to improve accessibility, but reducing opening hours to this extent would have significantly impacted service provision and public access.

Suffolk Libraries submitted a bid for a contract that it knew was not index-linked, as is standard for contracts within the Public Health & Communities directorate. If the Trustees believed that this funding model was financially unsustainable for the organisation, they had the option not to submit a bid. In such a case, SCC had a contingency plan to offer a time-limited Direct Award, ensuring continuity while arranging another procurement process. Had those discussions failed, the contract would have ended in the normal course, with the service reverting to SCC management from June 2025.

There is no requirement for SCC to consult the public on the expiration of a commercial contract.

However, SCC acknowledges the strong public support for libraries. Maintaining access to libraries is a priority, and SCC remains committed to ensuring their continued operation under a sustainable service model.

Finances

SCC has based all financial statements on figures provided by Suffolk Libraries. We had hoped to make these financial statements public, but Suffolk Libraries refused permission, so this letter has had to be redacted. During our discussions, you provided three sets of financial statements. First was data taken from the Contract Review Meeting (2023/2024), second was the TUPE data provided by Suffolk Libraries as the current provider of the contract and finally there was the commercial tender bid details, where you laid out your proposals for the new contract.

The financial evidence is as follows:

1. Contract Review Meeting Data (2023/2024 Contract Spend)

This relates to Suffolk Libraries staff expenditure under the **current** contract and was provided by Suffolk Libraries on 10 June 2024.

(Staffing costs: salaries, NI contributions, pensions, staff expenses)

- Total spend: [REDACTED]

- Central Services & Head Office - [REDACTED]
- Libraries employee - [REDACTED]

2. Commercial tender bid data

This relates to Suffolk Libraries proposed expenditure on staff under the **new** contract and was provided by Suffolk Libraries on 7 August 2024.

(Reflecting Suffolk Libraries' proposed reduction in opening hours and frontline services)

- Total: [REDACTED]
- Operations, Management and Leadership: [REDACTED]
- Employees - Front Line Staff: [REDACTED]

3. TUPE Data

This relates to the staff running the current library contract which SCC would be expected to transfer back in-house. This data was provided by Suffolk Libraries on 24 April 2024.

(Current salary/rate of pay data, pro-rata, excluding zero-hours staff, across both categories)

- Total: [REDACTED]
- Operations, Management and Leadership: [REDACTED]
- Libraries Staff: [REDACTED]

The value of the new contract had increased, due to the 12% increase in annual funding, and yet the data provided by Suffolk Libraries makes it clear that they intended to [REDACTED]

There was no way SCC could accept this proposal or outcome.

Income considerations

Your claim that the "overwhelming majority of back-office and management costs do not come from the contract monies provided by SCC" is not supported by the financial data you have provided.

First, Suffolk Libraries included the majority of its back-office and management costs in its bid proposal for the new contract, and the TUPE information evidenced above. Both these facts contradict the claim that generated income offsets these costs.

Financial data from your published accounts confirms that most external income is restricted for specific purposes, meaning it cannot be used to subsidise core contract costs. For example,

- Donations and bequests left to individual libraries must be spent on that library.
- Grant funding from SCC or other sources is tied to specific services or projects and cannot be reallocated to cover general operational costs.

Given these constraints, any assertion that non-SCC income significantly contributes to back-office and management costs is not supported by the evidence, unless Suffolk Libraries is

suggesting that fixed income is not being used in accordance with the restrictions imposed when it was obtained.

From our calculations, based on the income data provided from Suffolk Libraries via their 2024/2025 accounts information:

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED] meaning that the vast majority of operational costs continue to be funded through SCC's core contract budget, and not through fundraised income as you claim.

Concerns about the financial viability of Suffolk Libraries

Further to our concerns about financial viability of Suffolk Libraries, on the 4 November 2024, SCC received a letter from [REDACTED] within which it stated:

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

SCC's primary obligation is to protect the library service and the frontline staff who deliver it. Ensuring the long-term sustainability of Suffolk's library network must take precedence over sustaining any individual operational model or provider.

“Destroying a public Institution”

We believe Suffolk Libraries needs to take responsibility for the position it has found itself in.

Throughout the negotiation process, Suffolk Libraries adopted a stance that was not conducive to securing a contract award. Despite knowing that fundraising contributions did not significantly offset core operational costs, back-office expenditure continued to increase. The non-indexation of the contract was not a new concern - Suffolk Libraries had operated under this model for years - yet SCC still provided a substantial funding increase of £720,000 (12%) in 2023/2024 to support inflationary and service cost pressures. However, despite this funding uplift, Suffolk Libraries continued to operate at a loss and relied on limited reserves. Instead of identifying internal cost-saving measures, the approach taken was to propose reductions in service levels, including significant cuts to library opening hours - an outcome that SCC found unacceptable.

Regarding additional funding for mobile libraries, this was not funding raised by Suffolk Libraries but rather a financial offer from SCC during final negotiations. Suffolk Libraries rejected this offer outright, stating that it couldn't accept it. As a result, SCC has simply maintained its original investment offer should libraries return in-house.

SCC remains committed to keeping all libraries open and maintain existing opening hours, ensuring that the long-term sustainability of the service is prioritised over any single operational model, or provider.

Staff

We wholeheartedly agree with you that library staff are the foundation of a quality library service. That is why we are acting decisively to keep libraries open, maintain library opening hours, and returning frontline staff back into the care of the Council.

If the recommendation is agreed by Cabinet on the 18 March, we look forward to working positively with you to ensure a smooth and ordered transfer by the 1 June. We trust that both SCC and Suffolk Libraries can agree that prioritising staff well-being is in the best interests of the workforce and the communities they serve.

Regarding devolution, we have repeatedly made it clear that this has had no bearing on the outcome of this process.

The combined authority and elected Mayor will have no jurisdiction over library services. If the reference is to the Local Government Reorganisation (LGR), SCC has already stated its preferred position for a single unitary authority for Suffolk, which would continue to deliver a countywide library service. We hope that library users and stakeholders can support and advocate for this approach as discussions progress through the Government's timetable

SCC have published all projected costs for insourcing the contract as part of the Cabinet Paper, a public document. These financial projections are based on figures provided by Suffolk Libraries, ensuring transparency in decision-making.

Additional benefits

SCC acknowledges Suffolk Libraries' contributions and achievements over the past 13 years, and at no point has it been suggested that these accomplishments are not well-earned, and we would like to thank you for your work to date. However, the decision before Cabinet on 18 March

is not about the past decade, but about ensuring the long-term sustainability and security of Suffolk's library service for the next decade and beyond.

Regarding your prison service contract, as we have said multiple times in our statements, this is not a service provided by SCC, and the accounts information on your own website has made it clear that

"Suffolk Libraries as a charity runs library services in prisons in Suffolk, Norfolk and Hertfordshire, and operates other services which are funded by Grants outside of Suffolk County Council. It is considered that Suffolk Libraries can continue to fulfil its duties to these operations with or without the SCC contract."

Based on this, SCC does not see any connection between the future of prison library services and the Council's decision regarding the core library service contract.

Regarding building rate relief, this was considered before making the recommendation.

Time to Talk

There have been extensive discussions and negotiations over the past months, and SCC are happy to meet with you and clear up any misunderstandings you may have. The final decision will be made by the Cabinet of SCC, in line with our constitution, ensuring that the outcome is fair, transparent and democratically made.

Yours sincerely,

Nicola Beach

Chief Executive Officer

Cllr. Philip Faircloth-Mutton

Cabinet Member for Environment, Communities & Equality