A Study of Outsourcing and Externalisation by Libraries
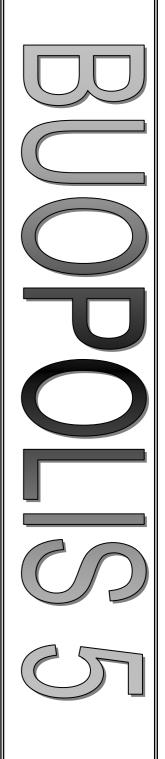
with Additional Reference to the Museums and Archives Domains

Resource Research Project: LIC/RE/108

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Abstract

This study provides an up-to-date view of the current experience of outsourcing and externalisation in the library and information domain, particularly higher education, public and special libraries, and its potential, together with an assessment of the effects of the external economic, political and technical pressures on service providers leading to change. Information has also been gathered from, and parallels drawn with, the other domains within Resource's remit, museums and archives, giving some indication of the context of, and scope for, cross-domain working. The practical issues arising have been documented, and a decision matrix, recommended for judging the potential within an organisation for outsourcing, produced. The study has also undertaken an assessment of potential suppliers and agents in the market place: their capabilities, readiness, interests and future plans to meet increasing demands for outsourcing.

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EXECUTIVE SUMMARY

Introduction

There has been in recent years increasing interest in the United Kingdom on the part of both central and local government, in the concept of outsourcing public sector services. This has been manifested in the library, museums and archives (but primarily library) domains by the encouragement of public/private sector partnerships, through such schemes as the Private Finance Initiative (PFI) and Public Private Partnerships (PPP). These approaches are opening up new possibilities for funding public service provision and the operation of the resulting asset by the private sector.

Interest in future outsourcing in libraries also derives from continuing budget restrictions, both revenue and capital; a focus on the customer and on results; benchmarking of services; provision of services between local authorities; public/private sector partnerships and a purchaser/provider culture. Museums and archives have some experience of outsourcing and lessons learnt by these institutions may be transferable to the library domain.

The environment is substantially different now from 1995, when KPMG/CPI reported to the Department of National Heritage on contracting out in public libraries[1]. This study concluded that, although externalisation was feasible, there was little evidence that the market existed to provide services as an alternative to the public sector. Westminster City Libraries have recognised the changing environment by approaching the market three times in attempts to outsource services.

This study provides an up-to-date view of the current experience of outsourcing and externalisation in the library and information domain, particularly higher education, public and special libraries, and its potential, together with an assessment of the effects of the external economic, political and technical pressures on service providers leading to change. Information has also been gathered from, and parallels drawn with, the other domains within Resource's (The Council for Museums, Libraries and Archives) remit, museums and archives, giving some indication of the context of, and scope for, cross-domain working. The practical issues arising have been documented, and a decision matrix, recommended for judging the potential within an organisation for outsourcing, produced. The study has also undertaken an assessment of potential suppliers and agents in the market place: their capabilities, readiness, interests and future plans to meet increasing demands for outsourcing.

Literature review

There exists a substantial literature on the general topic of outsourcing, and on specific areas such as IT. UK libraries are well represented, though there is a gap in recent years. Relatively little has been published on outsourcing in museums and archives.

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[1] *DNH study: contracting out in public libraries.* KPMG/CPI, 1995

Market review

The market review attempts to provide an indication of the size and character of the market for outsourcing and externalisation in the main library sectors, and to characterise also the museum and archive domains. Relying on published statistics, it brings together various statistical sources for the benefit of both sides of the supply equation.

The approach taken is to document both spending and activity. From the spending figures, it will possible for potential suppliers to estimate (or at least guess) the amounts of money currently spent in-house that might be diverted to outsourced services. From the activity figures it will be possible for potential suppliers to see the high-volume activities that might be targets.

Libraries
In the libraries domain, total documented spend runs at £1.3bn per annum (figures for health, public, higher education libraries, and some special libraries). Across the board, staffing expenditure, at £694m represents 55% of this total. The total domain spend, including further education and commercial libraries, is estimated at £1.6bn p.a.

While these figures in aggregate are impressive, analysis demonstrates significant granularity in the libraries domain. Whole-service outsourcing may be economically attractive to suppliers. It may however not be cost-effective for suppliers to bid for relatively small contracts, which are still subject to EC Procurement Directives, for individual activities.

Solutions to the problem of granularity are whole-service outsourcing and aggregation through consortia and co-operatives.

There is significant inter-organisational outsourcing, particularly between large and small public library authorities. Some higher education libraries are providing services to further education libraries.

As many as 10% of higher education libraries have externalised their library services into companies, generally at the time of building projects. There is no evidence of extensive commercial activity by these companies in supplying services to other libraries.

The clientele is a potential source of revenue for the library, for instance in selling advertising space. Access to clienteles may be attractive to suppliers of outsourced services, and hence reduce costs.

Museums and archives
The granularity apparent in libraries is even more marked in the other domains, where institutions tend to have much lower levels of individual expenditure.

The museums domain has some interesting features: high use of volunteers and freelances.

Both museums and archives domains demonstrate relatively high levels of inter-organisational outsourcing, particularly of conservation work.

Case studies and focus groups

The present position is characterised as follows:

Public libraries

♦ Long-standing areas for outsourcing are materials supply and processing, ICT including facilities management, and support functions such as cleaning.

♦ A range of special services are or may be outsourced, such as: mobile and housebound services; transport; management of a branch library by a parish council; call centres.

♦ Following local government re-organisation, arrangements for counties in particular, but also other unitaries, to provide services to the new unitaries are common.

♦ There is one well established example of whole-service outsourcing to a trust - Hounslow to Community Initiative Partnership.

♦ Co-operatives and consortia, growing in strength since the demise of the Net Book Agreement, are seen as vehicle for outsourcing or the common provision of services.

♦ Private Finance Initiatives are seen as means of raising capital investment.

Academic and special libraries

♦ Universities in general have been resistant to outsourcing ICT functions; some exceptions are identified.

♦ More impediments to shelf-ready material supply are perceived than in public libraries.

♦ Whole-service outsourcing is more common in the commercial sector.

♦ Varying degrees of outsourcing by further education to higher education libraries are reported, reflecting institutional collaboration.

♦ As many as 10% of higher education library services have been externalised to companies.

Future library developments

♦ Best Value will have a major impact in the public library sector and may encourage outsourcing.

♦ Public Library Standards may have a similar effect.

♦ Regionalism may make potential economies of a scale more apparent and lead to the common delivery of services.

Museums

♦ Main areas of outsourcing are catering, retail, conservation, design, marketing.

♦ There are examples of externalisation to a trust.

Archives

♦ Joint arrangements are relatively common following local government reorganisation.

♦ Storage of modern records, digitisation and data input may be outsourced.
♦ Lack of income streams may hinder Private Finance Initiatives.
♦ Increasing regional collaboration may foster outsourcing or common provision of services.

Cross-domain opportunities
♦ There is an opportunity for and some evidence of the outsourcing of specialist services such as conservation to other domains.
♦ Digitisation projects, many of them cross-domain, will encourage the outsourcing of ICT.
♦ There is an opportunity for cross-domain collaboration and aggregation in the exploitation of resources for education.

Issues
♦ The traditionally high level of co-operation between libraries is seen as potentially threatened by increased outsourcing to commercial entities.
♦ Arm's length delivery is suspected as leading to loss of control, whether by elected members in public libraries or by academics in higher education.
♦ Volatility in the commercial sector is of concern.

Suppliers
• The need for standardisation was stressed.
• Book suppliers are keen to investigate full stock management against specified criteria.
• New ways of working – companies owned jointly by supplier and library; regional and joint arrangements – were suggested.
• While whole-service outsourcing is generally confined to the commercial sector, Best Value is seen as fostering the same approach in public libraries.
• Partnerships with suppliers are held to being moist benefits when the supplier is given freedom to apply their expertise, without the strait-jacket of a very tight specification.

Decision matrix

We have identified nine cultural, economic and functional factors that merit consideration when assessing the suitability of a service for outsourcing. These factors are:

♦ **Cultural** - peripheral to service identity; complies with corporate strategies; corporate policy.
♦ **Economic** - high revenue cost; high capital cost; market/suppliers exist.
♦ **Functional** - difficult to deliver service; poor or declining performance; easy to specify.

At its simplest the matrix produces a profile indicating suitability for outsourcing.

Refinements are to characterise institutional priorities by introducing more factors or weightings.

Worked examples are given. However the matrix is a substitute neither for professional judgement nor for a rigorous procurement process.

Conclusion

It is apparent that outsourcing and externalisation is a significant feature of all three domains. The culture of tendering and contract management is becoming embedded in the domains. There are inhibitors for the process of outsourcing, particularly the granularity of the marketplace and concerns in many sectors about the effects of arm's length delivery of service.

Three case studies are particularly worthy of future tracking: the externalisation of library services in Hounslow; Co-East as an example of the power of the regional approach; Bournemouth Borough's PFI for a new central library.

Many of the conclusions of the KPMG/CPI *DNH study* (1995) are still valid. However there has been significant movement in important areas, particularly in the development of a market-place, that demonstrates a definite trend towards outsourcing and externalisation.

A number of cross-domain, regional and individual activities are identified as suitable candidates for outsourcing, as are a number of mechanisms for fostering a climate more hospitable to outsourcing and externalisation.

Executive Summary

ACKNOWLEDGEMENTS

Acknowledgements

1. INTRODUCTION AND BACKGROUND

In recent years both central and local government in the United Kingdom (UK) have become increasingly interested in the concept of outsourcing public sector services. This has been manifested in the libraries, museums and archives (but primarily libraries) domains by the encouragement of public/private sector partnerships, through such schemes as the Private Finance Initiative (PFI) and Public Private Partnerships (PPP). These approaches are opening up new possibilities for funding public service provision and the operation of the resulting asset by the private sector.

There is now a substantial body of experience in outsourcing and externalisation; management practices have been tested at intervals, involving buying in professional, technical or clerical expertise from external sources or internal departments. In the UK this has mainly been implemented in local authorities that have piloted various models for local public service provision under their remit, informed by recent policy guidelines such as those developed by the OECD for contracting out government services and by the experience of the Best Value pilot authorities. The creation of smaller unitary authorities through local government reorganisation (LGR) has opened up further possibilities for reviewing existing methods of public library provision in the UK. A number of authorities have considered extending outsourcing in their library services, ranging from the provision of further support services to, in some cases, the externalisation of whole areas of direct service delivery.

Interest in future outsourcing in libraries also derives from continuing budget restrictions, both revenue and capital, a focus on the customer and on results, benchmarking of services, provision of services between local authorities, public/private sector partnerships and a purchaser/provider culture. Museums and archives have some experience of outsourcing and lessons learnt by these institutions may be transferable to the libraries domain.

Current forms of outsourcing now include facilities management by library systems vendors, as well as the more established arrangements for materials supply and servicing by library booksellers and periodicals agents. The growth of library purchasing consortia in all UK library sectors has stimulated collaborative contract specification, tendering, award and management in partnership with suppliers and purchasing professionals, including definition of service level agreements.

Market testing in libraries has been applied to technical services sections, whilst other studies have been conducted to determine the potential for contracting out a range of library functions, some of which may already be handled by administrative departments. Since LGR and the demise of the Net Book Agreement, separate exercises in supplier book selection and market testing have received attention and are still being evaluated. Market changes could, in future, attract more competitive delivery options than have previously been possible, including a single service, a mix or even full library provision.

Outsourcing in other public sector organisations, such as academic institutions or central government, may follow other models, and the enhanced cross-sectoral collaboration proposed for new national and regional cultural frameworks will place

greater emphasis on identifying common issues and resolutions of cultural management priorities that will transfer readily across previous divides within the museums, archives and libraries sector. The drive, evident not only within the UK but also in the EU, to co-operation across and consolidation of the cultural domains will be strengthened by the discovery of commonalities of practice and potential.

The environment is substantially different now from 1995, when KPMG/CPI reported to the Department of National Heritage on contracting out in public libraries[2]. This study concluded that, although externalisation was feasible, there was little evidence that the market existed to provide services as an alternative to the public sector. Westminster City Libraries have recognised the changing environment by approaching the market three times in attempts to outsource services. We return to the KPMG/CPI study in our Conclusion, to track changes evident over the past six years.

Several projects have sought to demonstrate individual models for externalisation addressing different aspects of service provision according to separate contractual arrangements within and outside public authorities and there is some experience outside the UK that is valuable. Issues include adequate specification for service provision, identifying potential service providers, the management of contracts and the monitoring of performance, as well as the legal status of the financial entity to be charged with managing library provision.

There has been no recent study on a wide scale in the UK of the issue that includes identification and assessment of common concerns for academic and special libraries at a time when the possibilities of externalised services are expanding rapidly and the market to meet this demand is also growing. Reports in the literature and on the Web are mainly US-based and cover a different (though complementary) set of library services and financial frameworks, although the concerns for staff and conflict of private/public sector interests currently expressed by the American Library Association have their own analogues within the UK.

1.1 AIMS, OBJECTIVES AND SCOPE OF THE STUDY

The study provides an up-to-date view of the current experience of outsourcing and externalisation in the library and information domain, particularly higher education, public and special libraries, and their potential, together with an assessment of the effects of the external economic, political and technical pressures on service providers leading to change. Information has also been gathered from, and parallels drawn with, the other domains within Resource's (The Council for Museums, Libraries and Archives) remit, museums and archives, giving some indication of the context of, and scope for, cross-domain working. The practical issues arising have been documented, and a decision matrix, recommended for judging the potential within an organisation for outsourcing, produced. The study has also undertaken an assessment of potential suppliers and agents in the market place: their capabilities, readiness, interests and future plans to meet increasing demands for outsourcing.

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[2] *DNH study: contracting-out in public libraries*. KPMG/CPI, 1995

This is the first time that practice and opportunities for outsourcing across the three domains in the remit of Resource have been documented. In the course of the study, it became clear that the libraries domain enjoys major analytical advantages. Firstly it has a much more detailed statistical database than the other domains; the database is by no means uniform, but boasts detailed statistical series for the two major sectors, public and university libraries. Secondly the literature on management of libraries is more extensive than that on management in the other two domains, where the literature seems to concentrate on other aspects of professional practice.

The study investigated:
- The range and scope of outsourcing and externalisation in the museums, libraries and archives domains;
- The potential for further outsourcing;
- An assessment of the effects of the external economic, political and technical pressures on service providers leading to change;
- An assessment of the capabilities, readiness, interests and future plans of potential suppliers and agents in the market place.

The research provides those interested in outsourcing their services, or those companies wishing to provide an outsourced solution, with an assessment of:

- The practicalities and economic potential of outsourcing across the three sectors for all stakeholders;
- The size and nature of the market (for those companies and organisations wishing to provide services);
- The benefits and potential for outsourcing within public sector organisations.

In addition a decision matrix is developed to inform decisions on whether a particular service is a suitable candidate for outsourcing.

It is anticipated that the study will also:

- Give impetus to a nascent market;
- Support the synergistic aims of Resource.

1.2 DEFINITIONS AND CONVENTIONS

For the purposes of this study, we have adopted the following definitions and conventions:
- **Outsourcing** is the contracting of activities to an outside individual or organisation (which may be another publicly funded body) in place of the use of in-house staff (Boss, 1998).
- **Market testing** is a process used to test the efficiency and effectiveness of initial service providers against external providers (DNH study (1995)).
- **Compulsory competitive tendering** (CCT) is a mechanism that requires local authorities to undergo key elements of the contracting process to test the

efficiency and cost-effectiveness of their current in-house service providers (DNH study (1995)).

- **Externalisation** is the process of providing all aspects of the current service through a trust or company established specifically for this purpose.
- **Domain** is used to refer to one of the three elements within Resource's remit: libraries, museums and archives.
- **Sector** is used to refer to a major element within a domain (e.g. public libraries).

1.3   METHODOLOGY

The following methodology was used for the study:

- **Review of current research and relevant literature.** The review concentrated on outsourcing and externalisation in the three Resource domains in the UK. Relevant experience outside the domains and the UK was also documented.
- **Market size analysis.** Published statistical sources were used to establish the size of the potential markets across the three domains. Analysis of the market, particularly in the largest domain, libraries, highlighted the impediments to and potential for outsourcing.
- **Case studies (purchasers).**   Potential candidates were identified that were recognised pioneers in the field of outsourcing and externalisation in the following sectors: public libraries, academic libraries, commercial libraries, non-commercial special libraries, museums, and archives. A checklist was designed to assist researchers with the collection of information from case study organisations.
- **Case studies (providers).** The research team identified current and potential providers of outsourced services during the review of research and literature. These included library system vendors, book suppliers, IT providers, sector-specific suppliers. Researchers undertook structured interviews with actual and potential suppliers of outsourced services.
- **Decision matrix.** The results of the above research activities were consolidated into a decision matrix for use by organisations within the domains.
- **Focus groups.** Two focus group meetings of 8-10 invited participants, drawn from both sides of the supply equation and representing all stakeholders involved, were held during February/March 2001. These groups were consulted about the validity of the findings of above activities.
- **Seminar.**   The findings of the above activities were presented at a seminar organised by CPI on 22 March 2001.[3] Participants and speakers from the supply (booksellers, consultants, whole-service outsourcers) and customer (Department for Culture Media and Sport (DCMS); government, academic and special libraries; museums; archives) sides commented.
- **Final report.** Following the focus groups and seminar a report was drafted and presented to the Project Board in April 2001. Subsequent comments were also received from members.

The project was supervised by a project board, which met three times during the project. This provided the researchers with an opportunity to share knowledge and in

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[3] *Outsourcing: practice and opportunity in libraries, museums and archives* CPI, 2001.

particular seek advice in the areas of project management, Best Value, library procurement, and museum management. A full list of Project Board Members can be found in Appendix 2.

The research was undertaken by a project team, managed by David Ball (Bournemouth University), which included Carleton Earl, Don Kennington, David Liddle and David Barton (all of CPI), Linda Dunk (Bournemouth University) and Rosalind Johnson (consultant).

Introduction and Background

2. LITERATURE REVIEW

2.1 SCOPE OF REVIEW

We seek here to provide a comprehensive review of outsourcing activities in UK libraries, museums and archives as reported in the literature, together with an overview of the major trends in outsourcing activity in other countries. Some of the theory related to outsourcing is also covered, as are the problems and benefits involved.

It has been found that there is a gap in the literature when reviewing the UK experience of outsourcing in recent years. Most investigations and pilot schemes stem from the early to mid-1990s, a response to the Conservative government's move towards compulsory competitive tendering (CCT).

The more recent literature relates mostly to libraries; there has been relatively little published on outsourcing in museums and archives.

2.2 BACKGROUND

2.2.1 DNH Study 1995

In 1994 the Department of National Heritage (DNH) commissioned KPMG and Capital Planning Information (CPI) to investigate the extent to which the provision of public library services could be contracted out. The results were published the following year (*DNH study* (1995)).

The methodology of the study included:
- A postal questionnaire - this was sent to all public library authorities in the UK in order to identify existing experiences of contracting-out;
- A series of seminars - to engage in discussion and debate with interested parties;
- An interview programme - face-to-face and telephone interviews to follow up issues from the questionnaire and pilot projects;
- Document research - review of appropriate journals and other publications.

A series of pilot projects in local authorities was also monitored. These projects were undertaken at Brent, Dorset, Hertfordshire, Kent, and Hereford and Worcester; they are briefly described in the section on public libraries below. The impact of these pilot projects was limited, with only one authority implementing its preferred contracting option during the period of the study.

The report concludes that it is technically feasible to contract out all or parts of the library service, but that the prospect of significant reduction in cost of service is limited, and the 'cost' is substantial. There existed no natural market at the time for the provision of the service because the skills and experience required to deliver the service were not readily available in the outside marketplace.

It was also found that CCT would be a distraction from the imperative of developing partnerships to assist funding the future development of the library service. The report recommended several areas for further work:

- A series of pilot projects to explore partnership development;
- Further review of initial pilot projects;
- Production of guidelines and good practice guides;
- Development of benchmarks.

2.2.2 Political and economic factors

Margaret Thatcher came to power in 1979 on a manifesto committed to reducing Civil Service numbers. Throughout the 1980s American-style initiatives for contracting out and privatisation were eagerly adopted by ministers, but less rapidly introduced by civil servants. Functions such as catering, departmental transport, cleaning and routine security were contracted out, but services such as government libraries survived relatively unchanged, because no suitable external supplier could be found (Burge, 1998).

In November 1991 the Government published *Competing for Quality*, in which the words "market testing" appeared for the first time. Market testing is defined as a "management process whereby managers seek to achieve their objectives by systematically reviewing the components of their business, thus ensuring that services are delivered at best value for money (VFM)… the aim is to establish whether [private sector contractors] are both able and willing to provide an equal or improved level of service more cost effectively than can be achieved in-house" (Burge, 1998).

Since the mid 1990s a number of significant developments have occurred:
- Universal funding cutbacks and concentration on core services;
- Labour government policy, with Best Value replacing CCT;
- Local government reorganisation;
- A climate promoting partnerships (Private Finance Initiative (PFI), Public-Private Partnerships (PPP));
- Closer links between the museums, libraries and education sectors;
- Growth of library purchasing consortia (Ball and Pye, 1999).

2.3   THE GOALS AND PURPOSES OF OUTSOURCING

Throughout the literature two main reasons for outsourcing are given:
- To reduce costs;
- To focus on core activities.

Marcum (1998) distinguishes between tactical manifestations of outsourcing, to cut costs, and the more strategic use of outsourcing to focus on core competences. As part of a strategy outsourcing usually involves restructuring and re-engineering to gain competitive advantage. He also sees it as a component of other broader trends in business life: efforts to de-bureaucratise, and general privatisation and downsizing.

There is no guarantee that outsourcing will reduce costs. Outsourcing is most likely to be cost-effective if the workload is cyclical, i.e. it fluctuates during the year so the organisation is periodically over- or understaffed. A vendor may be able to realise economies of scale, or utilise technology or other equipment the organisation does not have access to (e.g. expensive imaging equipment). One major problem is that most

libraries do not know their costs, so it is difficult to determine accurately how much money is saved (Boss, 1998).

The findings of a KPMG survey of 123 UK companies, *The Maturing of Outsourcing*, shows people believe outsourcing IT will help them focus on their core business, improve flexibility and contain costs. Nearly two thirds said that outsourcing had no effect at all on profitability. Saving money should not be a reason to outsource (Farrell, 1997).

Organisations are examining tasks performed against core activities, asking whether activities can be eliminated or outsourced. The goals of outsourcing are to:
- reduce costs;
- increase the level and quality of customer service;
- achieve a better price/performance objective for the function.

Tom Peters is quoted as saying you should do what you do best and outsource the rest (Bordeianu and Benaud, 1997).

Reducing a temporary backlog and acquiring expertise not available within the regular staff are other frequently cited reasons for outsourcing (Boss, 1998).

O'Looney (1998), in his book on outsourcing government service, gives the goals as: to reduce, make more efficient and reform government services. Efficiencies are achieved through restoring competition, tapping economies of scale and discovering the most efficient production techniques. Workers in the private sector in areas frequently outsourced by governments tend to be paid less and receive fewer benefits than comparable government workers.

O'Looney also identifies several major trends:
- Encouraging and enabling in-house service providers to compete with private vendors;
- Development of better accounting systems for estimating the cost of in-house activities;
- Beginning to realise that skills needed to manage and evaluate contracts are not always present and need to be nurtured before taking the privatisation leap.

One fear often cited is loss of control. An interesting example of such loss occurred during the fuel protests in the UK in summer 2000. Most of the oil companies have outsourced the transport of fuel from refineries or depots to petrol stations. The new contractors are often independent hauliers, one-man businesses, who may well be former employees made redundant by the oil companies. In consequence the oil companies were unable to order drivers to cross picket lines as they may well have done had they remained employees (Hutton, 2000).

2.4   THE PROCESS OF OUTSOURCING

There are three phases commonly identified in the process of outsourcing:

- planning;
- implementing;
- managing.

2.4.1 Planning

This phase requires by far the greatest concentration of time and effort and includes the often painstaking process of gathering data.

Fischli (quoted in Marcum, 1998) notes that outsourcing should be a component of a larger process re-engineering project rather than a tactic for reducing costs. In fact, many UK libraries have invested heavily in the planning stage only to find, when they went to tender, that there was no interest from vendors.

The first step in the planning phase involves assessing the feasibility of the outsourcing project. That is, what is the potential provider market? Clearly, if there are no potential service providers, then outsourcing is not possible. Care must be taken to consider the service in the light of public policy criteria. It is also important to consider how contracting out will affect existing co-operative arrangements and networks (Missingham, nd).

The next major step involves examining and costing internal workflows and operations. There are two methods of determining such in-house costs. The *time-task analysis* method involves all staff keeping a diary about the activity. The cost is then the value of hours (salary plus benefits) and all indirect costs (supplies and equipment, including administrative overheads and cost of space). The *total output measure* method involves determining the total budget for an activity, all salaries, benefits and indirect costs. This method works well if an entire activity is to be outsourced (Boss, 1998).

Once all current costs are known, the next step involves the development of detailed specifications for the outsourced service. This will include such information as the desired contractor's knowledge of, and compatibility with, existing systems; what facilities a potential contractor must provide; how will work be monitored and quality ensured. Whether the contractor works in-house or from their own premises is also a factor to be considered at this stage. Further, whether a flat management fee is preferred to a per unit cost should also be considered (Grimwood-Jones, 1996).

The next step is the preparation of a Request For Proposal (RFP) based on the detailed specifications, and going out to tender. Staff involvement in the planning stage is important to minimise resistance. They can provide the expertise required to develop a suitable RFP. Boss (1998) recommends appointing staff who are open to new ideas to this task.

Finally, once a suitable vendor has been chosen, it remains to negotiate the contract.

2.4.2 Implementation

This is the most disruptive phase. It involves rearranging workflows, introducing new routines, developing new policies and learning new systems. Work must be integrated with that of the vendor. This phase is usually intense, but should not last long (Bordeianu and Benaud, 1997).

2.4.3 Managing

The real issue is not outsourcing, but the responsible management of outsourcing (Boss, 1998). Once the outsourcing contract is established there is then the ongoing process of monitoring quality performance control and troubleshooting. For outsourcing to be effective there is a need to refrain from micromanaging the project. Quality checking has to be selective and there has to be a high level of trust between the two parties (Bordeianu and Benaud, 1997).

The organisation will need to retain experienced staff to oversee the outsourced operations. For example, in the case of outsourcing collection development, an experienced librarian will need to ensure that the books sent match the library's profile and will need to identify any gaps in the collection (Benaud and Bordeianu, 1998).

2.5   OVERVIEW OF OUTSOURCING BY DOMAIN

2.5.1 Libraries

Outsourcing became an identifiable trend in libraries in the 1990s. As a CPI report for the British Library (*Private process/public advantage* (1987)) points outs, its history is much more extensive, embracing much of the work of the library bookselling industry. However, the practices were not always called outsourcing. Services such as Library of Congress cards, book approval plans, retro-conversion projects and computer maintenance have been common for many years.

The primary focus of the current wave of outsourcing is copy cataloguing. The landmark event in this area was Wright State University outsourcing their complete cataloguing process in 1993. Outsourcing is also recognised as a useful practice in document delivery, computer services and processing shelf-ready material.

Bordeianu and Benaud (1997) say that libraries have long contracted out some of their operations such as security and photocopying. These areas are generally non-controversial. Many have also outsourced preservation and collection development. The current trend is to outsource technical services and this type of outsourcing has reached a stage where it is now replacing entire functional areas. Libraries are passing more responsibility to vendors.

The library profession needs to face the fact that outsourcing has become a standard business practice. The degree to which it is adopted by different types of library varies; special and public libraries are at the forefront, academic libraries are lagging behind. In the USA, federal libraries are actually reversing some of the drastic outsourcing decisions implemented in the 1980s. Outsourcing is seen as neither good nor bad, but another tool that libraries can use to improve their operations (Bordeianu and Benaud, 1997).

Marcum (1998, p.20) provides a "Library Outsourcing Decision Matrix". In this matrix, folklore processes - "because we've always done it that way" - are to be eliminated. Mandated (legal, government) and background processes are given as candidates for outsourcing. Priority processes (having to do with effectiveness and major operations) and identity processes (upon which the future of the organisation rests) must be handled in-house.

A broader question is: what is to keep consortia and vendors from partnering to provide comprehensive library services and materials and render local control superfluous? (Marcum, 1998).

Marcum (1998) also asserts that libraries cannot be transformed through outsourcing. "Only when we broaden the concept to encompass insourcing, partnering, networking and continual learning does the transformation process become central to the creation of the cybernetic networked libraries required to meet the challenges of tomorrow".

Libraries do not necessarily jump on the outsourcing bandwagon quickly or willingly. There tends to be the need for a precipitating event for them seriously to consider it, e.g. a budget cut or a need for productivity changes to occur. Outsourcing library services enables the library staff to be more productive with their time (OutsourcingAcademics.com).

Boss (1998) in an issue of *Library Technology Reports* provides model RFPs for candidate activities for outsourcing. Sixteen specific activities are identified that have been successfully outsourced in libraries without adversely affecting their core operations.

2.5.1.1 Public Libraries

Public libraries seek outsourcing solutions for many reasons. These include:
- the desire to reverse any downward trend in borrowings (Naylor, 2000);
- the release of staff from routine activities such as cataloguing, classification, and computer maintenance;
- financial benefits through lower overheads (Tyerman *et al.*1994).

Eddison (1997) quotes Bart Kane as saying that "staff should be on the floor 99 percent of the time, not the 40 to 50 percent average in American libraries".

However, the business of outsourcing in public libraries has not always proved to be a fruitful one. The attempt by Westminster libraries to contract out their stock services was unsuccessful on three occasions (Contracting Out - Key Issue '91 and Grimwood-Jones, 1996). Their first attempt, allowing only one month for tenderers to respond, resulted in no bids at all. Further, their tight specifications and apparent lack of flexibility allowed no room for any tenderer to make economies of scale. Other contributing factors were: the size of the task to cost the contract; the size of the investment required to be made by the contractor; penalties; and the difficulty in matching the library's business strategy with the business strategy of contractors. The need for a contractor to either operate from a remote site or bear the heavy costs associated with operating from library premises was also a negative influence. The second attempt was more flexible in approach, but coincided with a period of market

volatility after the collapse of the NBA. The third attempt foundered because of reservations about viability of the market on the part of a preferred bidder.

There are examples of public libraries that have implemented outsourcing. Grimwood-Jones (1996) and Tyerman *et al.* (1994) mention the example of Brent Council. It sought to formulate the library service into six contracts, mostly consisting of two libraries each, some with additional management responsibilities on behalf of the whole service. The contract was awarded to an in-house team. However, Walker (1994) concludes that Brent's experiment will ultimately prove to be disabling and should not be extended.

There have been many studies on how public library outsourcing would best be carried out. Dorset brought in consultants from Coopers and Lybrand. Their study concluded very positively that an organisation external to the local authority could bring financial benefits through lower overheads and freedom from local government systems, structures, and conditions. The three possible forms were concluded to be: (i) a charitable trust; (ii) an industrial and provident society; and (iii) a limited company. Of these, a company limited by guarantee, but with charitable status, was identified as the most appropriate. That is, a non-profit making minority company where local board representation is less than 20%, and with no shareholders. However, the major issues of concern were asset ownership, funding, and the future of existing staff. The key unsolved problem related to VAT.

Hereford and Worcester considered external facilities management of the cultural activities in its libraries. It examined whether this could usefully be done by a manager from outside the organisation contracted to deliver a specified service.

Hertfordshire considered the possibility of franchising library services. It identified suitable areas within the library, and carried out preliminary research into the market for franchising the chosen areas. They provide an outline plan for piloting franchising.

Kent investigated the purchaser/provider relationship and detailed service specifications. They were notable in that they investigated an integrated whole-department approach to contracting out across the entire range of services.

Naylor (2000) reports on the case of Liverpool Libraries and Information Services, which placed book selection in the hands of its suppliers. Liverpool wanted to halt a steady decline in the number of books borrowed. The plan was that the number of new titles in each library had to be increased, a comprehensive stock circulation scheme between libraries was required, and stock selection needed to be holistic, viewing stock coverage on a service-wide basis. They then put in place a one-year pilot project across the 24 libraries to test the theory. In addition, they worked with the supplier to produce detailed specifications for stock requirements. However, there was initial apprehension among some librarians.

Site profiles covering areas such as socio-economic factors and patterns of use were produced for each library. They aimed to improve choice by increasing the number of new titles purchased and reducing duplication. The overall project was monitored by

regular meetings with suppliers, monthly checks of number of books supplied, and expenditure. There was also quantitative assessment of such factors as duplication, and fulfilment of requirements of various categories. It was noted that when orders are placed earlier, items are received sooner, which means users' requests for books are satisfied more quickly.

Boss (1998) reports on the cancelled contract to select materials for the Hawaii State Library. The major event causing uproar was in 1996 when Hawaii State Libraries outsourced cataloguing and physical processing to Baker & Taylor, library automation to Ameritech, and online journals to Information Access. A political furore caused state legislators to ban further outsourcing.

2.5.1.2 Academic Libraries

Academic librarians have been protected by high barriers to entry and have been slow to acknowledge the growing competitiveness of their changing environment (Marcum, 1998). However, the trend for outsourcing in universities in general is growing.

Although not considering libraries specifically, Lund (1997) found that, in the UK at least, the university sector has been relatively slow to consider outsourcing by comparison with local government, the health service, and even central government. Since the early 1980s, universities in most Commonwealth countries have been faced with shrinking financial resources coupled with a need to expand their enrolments. In light of this, outsourcing has been seen as a way to do more with less. However, UK universities cited the imposition of VAT on outsourced services and on the profits from them as a major deterrent to contracting out their activities (compare the case of Dorset County above).

A survey (Lund, 1997) on outsourcing in 1996 sent to 102 universities across the Commonwealth generated only a 35.3% response rate. Of the various reasons cited for contracting out, 49% cited lowering of costs as their first priority, 26% cited improving quality of service, and 13% cited containing the growth of staff. Of the various criteria cited for choosing which contractor/supplier to use, 81% cited lowest cost, 74% cited skills in relevant area, and 68% cited quality considerations. Lund also surveyed methods of monitoring performance.

Specific functions, which respondents said had been outsourced, include building design, construction project management, cleaning, catering, and bookshops. Library functions were not mentioned. One respondent said that "the assumption that the private sector can always do things more cheaply and effectively has to be challenged. Getting the in-house service right might be a better option and is probably a requisite for market testing anyway."

Areas that survey respondents said that they would never attempt to contract out include strategic decision making, examinations, personnel-related services, internal financial control, many maintenance services (on the grounds of cost and slow delivery), and any service that was vital to the university's functioning. Clearly, outsourcing is still concentrated in relatively non-controversial areas. Outsourcing of key administrative areas does not seem to be in prospect. Instances in which the universities had returned to in-house service were rare.

Bordeianu and Benaud (1997) report on a survey of members of the Association of Research Libraries (ARL) in 1996. The results indicated that 70% of respondents outsource their collection development, 69% use approval plans, 32% use blanket orders, and 3% have arrangements with bookshops. Academic libraries see outsourcing as an increasingly attractive alternative. There is a prevalence of outsourcing in approval plans, preservation, and binding. There is selective outsourcing in cataloguing. However, in some universities the result has been the closing down of entire departments, as at Wright State University. There has also been a rapid growth of vendors such as OCLC's Techpro.

There are few reports in the literature of outsourcing in UK academic libraries. One example is the introduction of shelf-ready books at the University of Huddersfield (Hiller, 1999). This case is discussed in the section on cataloguing below.

Benaud and Bordeianu (1998) provide a full report on their 1996 survey of outsourcing in United States academic libraries.

2.5.1.3 Special/Corporate Libraries

Nicholas and Pandit (1994) considered independent television company libraries. Currently, few such libraries employ more than 3 or 4 people. There has been a reduction of one quarter to one third in the last three years. Thames Television has gone from sixteen people in 1989 (libraries and archives) to one person in 1993. It has sold or donated most of its library stock. Some of the staff have set up "Cutting it fine", a cuttings service serving Thames and other media companies. Granada now runs an essentially stripped-down quick reference service with virtually all information bought-in. The charging-out of library services is reducing demand and causing clients to go elsewhere. It was found that library staff feel too insecure and threatened to report on their condition. The authors report that one librarian demanded £50 an hour to answer their questions.

Portugal (1997) found that "many companies are entering the information age without a top-notch guide to quality information and continued success - their corporate library". Abundant evidence suggests that fully funded and staffed corporate libraries are essential if a company wants to maximise the information edge. Figures given are that organisations spend 7.2 times more not to have a library than they do to have one. In addition, it costs 2.9 times more for professionals to obtain information from other sources than it costs to run a company library. It has also been found that there is a positive correlation between a company's information-related expenditures and their profit or productivity. Businesses receive the greatest return on their information investment when information is located and synthesised by an information professional with a real understanding of the firm's processes and products. Some outsourcing is good. For example, outsourcing cataloguing and subscription services allows librarians to expand their services into things such as Internet training and building intranets.

Eddison (1997) also found that many librarians realise that they can provide a better service to their clients within the organisation if someone else does the cataloguing, or delivers the documents, or puts labels on the books etc. These are librarians with vision he says. In this case, it is the librarian in charge who manages the whole operation. Special librarian-targeted outsourcing began in the 1970s. Outsourcing the

management of special libraries really began when the US Federal Government began to think of ways to reduce the numbers of staff on its payroll. Government libraries have been contracted out for more than fifteen years.

Bordeianu and Benaud (1997) found that private library consulting companies have taken over the internal libraries of some of America's largest companies: General Electric outsourced their internal library to Teltech. Boss (1998) found that most special libraries outsource some services, such as cataloguing, thesaurus development, specialised research, document delivery, loose-leaf filing and temporary staff. Schwalb (1997) noted that the library community was left shaken when in March 1995 the Chicago office of law firm Baker and McKenzie outsourced (and sacked) its entire library staff.

2.5.1.4 Government Libraries

It is interesting to note that Grimwood-Jones (1996) found that the information available on contracting out in government libraries is negligible.

Burge (1998) reports that the Department of Health and Social Security (DHSS) was the first to put library services out to tender. The four sections chosen were management, reader services, cataloguing, and ordering. Only an in-house bid would be accepted for the first three, but ordering had to go outside. The contract for publications supply went to Ebsco in 1993.

The Ordnance Survey decided to group an entire division for outsourcing. The division consisted of health and safety, records, typing, transport, security, and the library. However, the consultants employed to prepare the bid recommended that a number of areas, including the library, be withdrawn.

The Export Market Intelligence Centre (EMIC) was market tested in 1993. An in-house team won but the steering committee let it be known that they would prefer an external bidder to win.

The Department of Transport (DoT) decided to close their library and buy in services. Their stock was largely disposed of, publications budgets were devolved to divisions, and purchasing was outsourced. A contract was signed with the British Library (BL) to provide an information service based on one professional librarian employed by BL on a casual basis. Now that departments have been combined in The Departments of Environment, Transport, and the Regions (DETR), normal library services have been resumed, but neither stock nor expertise will ever be replaced. Some departments declared their libraries too small in budgetary terms to be worth considering. Others went part way down the road before the process was called off, usually through a lack of other bidders.

In a 1993 survey of UK government librarians, the major issues were *Next Steps* and market testing. In a follow-up 1997 survey, the *Next Steps* agencies had become a fact of life. Market testing was virtually over, though its offspring "Competing for Quality" remains in a variety of forms. For government libraries, market testing, contracting out and privatisation now seem to be a thing of the past. A Labour government document - "Better Quality Services" - recognises that "quality can only be achieved if staff feel fairly treated and are motivated in their work" (Burge, 1998).

Bordeianu and Benaud (1997) noted that in the mid-1980s the US Federal Government embarked on a strategy of shifting public functions to the private sector. A number of federal libraries were outsourced to private companies. After years of experimentation and some major failures, this movement fizzled out because privatisation costs became higher than anticipated.

2.5.2 Museums

Marsan (1993) provides an overview of outsourcing activity in the early 1990s. After the 1991 government White Paper "Competing for Quality" was released, the Office of Arts and Libraries contacted the national museums and galleries (NMG) asking what they contracted out and what further scope there might be for outsourcing. Museums were not new to contracting out; most for example had been using contractors for building management.

NMG management says that outsourcing has brought real cash savings, and a significant increase in quality. This has been particularly evident in catering services. Milburns, a private firm, runs restaurants at the British Museum, the Victoria and Albert Museum and the National Gallery.

Design is another example; most museums employ only a small design team and buy in what is required. This means they can take advantage of the large pool of talent available in London. Short-term hiring allows the museums to avail themselves of the best expertise in highly specialised fields.

During 1990 the British Museum market tested security services. A number of staff left because of this, and it was eventually found that the in-house service provided the best value for money. Many museums have market tested their warding services and decided not to contract them out, due to risks of theft and damage. Knowledgeable in-house staff are found to provide better core security.

Fringe activities such as cleaning and design are less problematic to outsource than core activities such as curatorial functions. The problem with outsourcing conservation and curatorial functions, is that it is hard to define, specify and monitor the treatment of an object (Marsan, 1993)

The Natural History Museum was among the first to experiment with large-scale privatisation of its services. In 1990 they decided to contract out their exhibition service, including related areas such as taxidermy and model-making. In times of uncertain sponsorship it was not seen as cost-effective to keep on a large permanent exhibition department. Outsourcing also provided more flexibility of design as the Museum can choose a different creative team to suit each project (Allwood and Greene, 1992).

At the National Maritime Museum a number of services, including trading activities and major building maintenance, have been contracted out. The Imperial War Museum contracted out the painting of HMS Belfast, but the paint peeled and it had to be done again (Allwood and Greene, 1992).

Davies (1993) reports that at a conference on CCT in local authority museum management several speakers stressed that museums are not a special case and that it is not particularly difficult to prepare a contract to run a museum service.

2.5.3 Archives

Pickford's (1999) view is that in the future only the core archives staff and basic services will be funded from the public purse. Repository management will take on a commissioning role, purchasing, rather than providing, at least some of its services. The primary focus will be on custody and access as core functions.

Pickford also looks at the issues surrounding contract cataloguing in archives, which he believes is becoming inevitable, as 'Best Value' requires comparative evaluation in local government.   He sees potential disadvantages if cataloguing becomes a backroom job isolated from the front-end of the service, however acknowledges that it will allow for flexibility in staffing levels. Contract cataloguing will look expensive but will be offset by savings in management overheads and enhanced productivity. As in other areas, contracting out will mean greater standardisation, but also a loss of knowledge in the organisation.

As far as document management is concerned, in "Art of outsourcing" (1998) it is noted that archiving a document at the end of its useful life ignores potential savings in processing that can be achieved. A bureau can scan in all mail as it arrives, and then send documents electronically to the client. The Defence Agency used HMSL as its bureau to scan all correspondence. Camberley City Council uses a bureau to scan all its building and planning documents and put them on CD-ROM with indexes. A bureau can also provide additional services such as matching invoices to delivery notes. Choosing a bureau based on price may not be the best option. One needs to consider its capacity to deal with volume, and also the quality of its service.

Waldron (1999) notes that the tasks usually outsourced are those that are repetitive, and have a high labour content or an expensive technical content. In the document storage and access arena, companies have turned to service companies to perform microfilming, document scanning, data capture, and keying. He notes that the main considerations for selecting a bureau are the following:

- Locality - must be easily accessible
- Services - mail sorting, scanning, data entry, indexing, data storage, microfilming, paper storage
- Skill sets
- Specification
- References
- Pricing - if a bureau is finding it hard to make a profit, then it will cut corners. If the only benefit of outsourcing is to gain the value of the skill sets of another's labour force, then do not risk that by focusing solely on price.
- Security - both commercial and environmental
- Standards - have they adopted the relevant BSI codes of practice?
- Attention to detail - the bureau will only be as good as the information and assistance you give them.

2.6 REVIEW OF OUTSOURCED ACTIVITIES

2.6.1 IT

2.6.1.1 Computer System Management

Boss (1998) notes that the value of outsourcing of IT in industry in the US is estimated at $10 billion in 1996.

Outsourcing of IT by UK government is quite common. For example, in 1994 the Inland Revenue signed a ten-year, £1 billion contract with Electronic Data Systems (EDS) for the supply of information technology services that were previously provided in-house. A case study is given in Jayes (1997).

In Vail (1999), the Siemens Business Services' outsourcing contract with the Home Office's Immigration and Nationality Directorate was described as the "latest outsourcing disaster". The result was queues of visa applicants because of delays in implementing the contract. Large IT deals, it seems, always cost more than suppliers say they will, and always take longer.

A new outsourcing law is emerging says Vail (1999), which states that the benefits to the user are in inverse proportion to the size of the contract. A six-month negotiation period is a minimum. Information technology departments have very poor records, and people often don't know what they are outsourcing. Moreover, outsourcing companies tend to dilute their services and have the same difficulties of recruitment and retention of staff as other companies. They pay the most, which in turn means high bills. Limited outsourcing deals are most likely to succeed. Short-term arrangements are better than ten-year deals, since there is less to go wrong.

Wendy Currie, a professor at Brunel University, predicts that the public sector will eventually bring IT services back in-house. The real problem is that a lot of chief executives don't understand IT. They will outsource IT because they think that it isn't a core competence. They don't realise that, if they outsource, then the brainpower of the organisation goes, along with its strategic thinking and innovation (Vail, 1999).

Marcum (1998) found that information services and technology are central to current library operations. Library information technology areas were often housed in computer centres in the 1970s, and competences were lost, which eventually diminished the organisation. Libraries began an era of dependency on the skills and resources of a sister organisation.

Farrell (1997) noted that some of the worst scenarios occurred because companies outsourced for the wrong reasons: primarily because they had a problem with IT expenditure and didn't know how to deal with it. That is, a management problem with expenditure was simply outsourced, not solved and, consequently, organisations could have ended up spending more time managing their outsourcers than they ever did looking after their own IT departments. In some cases companies were only outsourcing because they didn't have any control of their systems. They were outsourcing areas that should have been directly controlled in order to maintain their competitive edge. Usually, when an IT director decides to outsource, it is his or her

staff who negotiate the deal. They don't know anything about outsourcing and are not enthusiastic about the process.

Many companies outsource IT because they have trouble finding IT talent, but outsourcers face the same problems and often have to sub-contract to fulfil a contract. If you are outsourcing for business efficiency then you could be on the right track (David Green, UK managing director, Sapiens UK). If you have a good, efficient IT department then the chances are you will be on a par cost-wise with the big outsourcers like EDS or IBM. For many companies the answer is to be highly selective about what they outsource, rather than to abdicate responsibility for the entire IT department. The trend is to move away from mega-deals towards smaller, easier to define project-based deals, and to give users more control (Farrell, 1997).

Application development and networking are popular areas to outsource. Farrell (1997) claims that UK firms could learn a lot from the US, where outsourcing deals are given the attention they deserve from senior management. The advice is to hire a first class consultant, a top lawyer, and do a comprehensive audit. Put a high-level finance director on the case. Amongst outsourcing plans (from KPMG survey "The Maturing of Outsourcing") only 29% plan to renew with their current supplier.

A growing number of companies are choosing to work in partnership with their outsourcer, for example British Steel and CAP Gemini. CAP Gemini provides the skills and equipment while British Steel hired the service. The "risk/reward bubble" is the latest jargon to hit the IT industry. The outsourcer and the user share the risks of providing IT. Clients should try and share their business objectives with suppliers and offer a reward if the supplier helps achieve them (Farrell, 1997).

In the library world there is the example of Thames Valley University, which outsourced provision of IT services in a new Learning Resource Centre. The tender included provision of equipment, support and some network maintenance. The successful tender was made by ICL. One of the problems that had to be addressed in this case was the demarcation between library staff and ICL staff when answering questions at the shared help desk (Hixon, 1997).

Lacity (1993 and 1995b), DeLoof (1997) and Burnett (1998) all provide detailed guidance on outsourcing information systems. Lacity (1995a) provides a review of US and UK experience during the period 1991-94 through her discussions with senior executives and IT managers.

2.6.1.2 Web-page design and hosting

Boss (1998) notes the primary reasons for outsourcing web-page design and hosting. They include the lack of in-house expertise combined with the desire to accomplish the task at a known cost. Web-page design requires a combination of technical and artistic skills. In addition, it is generally less expensive to outsource web-hosting since it is not necessary to purchase and maintain one's own server. That is, vendors have economies of scale by hosting many web-sites on one server.

2.6.2 Technical Services

In Bordeianu and Benaud (1997), Arnold Hirshon notes that, while the final output generated by technical services is core, the operations themselves are not. Technical services lend themselves to outsourcing since many tasks are repetitive in nature.

2.6.2.1 Cataloguing and Physical Processing

In Hiller (1999) it is noted that the introduction of shelf-ready books at the University of Huddersfield frees up staff to work in customer services functions. The emphasis is now on student-centred learning so they are able to concentrate on their core activities. The classification was done by subject librarians at high staff cost, but was of high quality. It was difficult for them to relinquish control, since they felt that classification had been their life's work. In the first three months of quality control, 30% of items were sent back for reprocessing. However, once the classification policy had settled down, only 8.4% needed reprocessing. The evaluation positively encouraged adoption of shelf-ready book systems.

In Joy and Lugg (1997) it was noted that a significant number of libraries have forged partnerships with vendors to design and implement cataloguing services. Shelf-ready books require collaboration between the library and the vendor on a broader scale than usual. The authors examine the implications of shelf-ready service, both operationally and organisationally for both library and vendor.

The library contracts with a vendor for cataloguing and physical processing of monographs. Taking the organisation and classification of information, and provision of access to it, which forms the very core of librarianship, and turning it over to a commercial vendor may seem risky, perhaps even an abdication of professional responsibilities. The same arguments were used almost 30 years ago when approval plans were first being developed. Vendors are responding to requests in an intensely competitive market (Joy and Lugg, 1997).

One of the first readiness criteria is if the library is willing to commit a significant number of people and a significant amount to time to thinking through and defining the library's specifications. Cataloguing of books by vendors costs $3 to $4. Estimates of in-house copy-cataloguing range between $6.22 and $9.02. It is clear that upon outsourcing, significant numbers of staff can be assigned to other departments (Joy and Lugg, 1997).

However, there are stumbling blocks. Library professionals may say that a non-return plan is unacceptable, and may not want to standardise their procedures to a level required by the vendor. They may be afraid of redundancies and reassignments. To implement a shelf-ready service on an approval plan, the profile must yield a low return rate, typically less than 3%. The professional cataloguer must develop a procedure to regularly review the cataloguing received from the vendor. The vendor's standard will be simpler and less given to local practices (Joy and Lugg, 1997).

2.6.2.2 Authority control

Wilson and Colver (1997) consider a series of case studies. The University of California uses Blackwell's services, including ongoing authority control. Many of the previously converted records contained older forms of headings, which needed updating for compatibility with more recent records.

Benaud and Bordeianu (1998) found that 55% of libraries responding to their survey outsource authority control functions. Some libraries discontinue this service once retrospective conversion projects are complete.

2.6.3 Collection Development

Willett (1998) found that selection policies at most American academic libraries are quite similar. They acquire the same general core materials. However, his opinion is that if you turn selection over to a vendor, you can't call the place a library any more. Vendor programs will not supply items from the alternative press. The author acknowledges that it is the duty of librarians to make alternative materials available for use and to secure the independence, integrity, and accountability of libraries. A list of hidden consequences is provided, including that library goals are redefined from providing all points of view for all kinds of users to providing corporate products to middle-class consumers.

Liverpool Libraries and Information Service is an example of a UK library that outscources book selection (see also 2.5.1.1 above).

2.6.4 Document Delivery

Broadmeadow (1997) reports on outsourcing document supply at British Telecom. It consists of an automated system where users enter requests. These requests are transmitted to the British Library, and the documents are then supplied directly to the users, removing routine tasks such as photocopying and filing. The library staff has been reduced from nine down to one part-time and three full-time staff. Library accommodation has been cut by 60%. The customers are now charged for ILLs. This has reduced demand and led to a reduction in costs.

Benaud and Bordeianu (1998) found that 93% of US academic libraries do not outsource inter-library loans or document delivery. A number of libraries do use unmediated document delivery from companies such as Uncover but this was not considered outsourcing.

2.6.5 Electronic Resources

Wilson and Colver (1997) consider a series of case studies. They report on Project Muse at Johns Hopkins University. This has involved the outsourcing of authority work and hypertext mark-up of tables of contents for electronic journals to TeleSec Library Services.

2.6.6 Preservation

Boss (1998) considers outsourcing deacidification. The equipment for doing hundreds of books at a time is too expensive for most libraries to afford and so is a prime candidate for outsourcing.

2.7   THE VIEWPOINTS OF SUPPLIERS AND CONTRACTORS

Cropley (1996) notes that the total aggregate of money committed to UK book funds has fallen significantly in real terms. It is being spread more thinly across different formats. This, and reductions in staff, have led librarians to look to their suppliers for more and increasingly complex acquisitions support. These support services also appeared as suppliers sought to create added value, and thus competitive advantage, in

an overcrowded market. The market had a controlled pricing structure until October 1995, when the Net Book Agreement fell into disuse. This resulted in the closure of some library suppliers and the remainder finding it hard to trade at a profit. Some services are being questioned, for example weekly approvals collections. We will see a further shakeout of suppliers because some of the discount arrangements are unsustainable.

Rick Lugg of Yankee Book Peddler says "we never planned to enter the cataloguing business, but we respond to the needs of our customers and began to see the that the ground for competition would change". In order to continue selling books, vendors must provide an increasing array of support services, including cataloguing and processing. However, the revenue from these services is negligible compared to revenue from book sales. Outsourcing services are priced at or near cost. The easier it is for a library to order books from a vendor, the more books a vendor can sell (Joy and Lugg, 1997).

The early stages of outsourcing reveal an extraordinary level of customisation. No two libraries have the same requirements. This makes it difficult to realise economies of scale. Every vendor is searching for some sustainable balance between customisation and efficiency in these areas. A library should also provide information on titles that would have been returns (virtual returns). The vendor must minimise any inevitable delay caused by cataloguing and processing. Vendors draw their professional cataloguers from the same sources as libraries do. They must know what the tasks to be outsourced cost now (Joy and Lugg, 1997).

2.8 SUMMARY OF OUTSOURCING ISSUES

2.8.1 Problems

Hiller (1999) noted that technical services staff at Huddersfield University felt very threatened by outsourcing.

Grimwood-Jones (1996) noted that the National Acquisitions Group (NAG) and LA were concerned that putting information provision out to competitive tender should undermine use neither of the library network by local authorities, nor of existing schemes for inter-library co-operation. It is also important to consider the financial security of the contractor: what happens if the contractor does go into liquidation?

Farrell (1997) noted that the principal outsourcing problems include: over-dependence on the supplier; being locked into a supplier; a lack of influence on the service levels of the supplier; and the length of time in getting it right.

Marcum (1998) noted that outsourcing means abandoning specific capabilities to the outside supplier. Such an abandoned capability reduces the capacity for innovation and the development of new products and services. It also leads to a general loss of learning opportunity.

Bordeianu and Benaud (1997) note that a problem with outsourcing is the loss of control over products and services. This curtails an organisation's ability to react quickly to change. Therefore a good contract is essential. A common fear is of the

loss of expertise. The issue of outsourcing has led to job security becoming a preoccupation.

Missingham notes that some special issues in contracting library services include the difficulty in placing a monetary value on library co-operation and a loss of subject and organisational expertise. There can also be difficulties in deciding who owns the physical infrastructure. Can a contractor meet privacy requirements and will there be any conflict of interest? Will the contractor be able to fit in with other agency objectives, such as equal employment opportunity, access and equity?

2.8.2 Benefits

In "Art of Outsourcing" (1998), it is noted that a major benefit offered by outsourcing is the chance to avoid the set-up costs of equipment, such as scanners. There is no problem with high staff turnover in low skill jobs. There are associated savings in salaries, office space, and equipment. There is no need to worry about holiday leave or employees falling ill. Hardware obsolescence or machine failure is not a problem. It is also easier to deal with peaks and troughs in demand.

Hiller (1999) notes that outsourcing frees staff for core activities. For example, in universities, the emphasis is now placed on student-centred learning. Staff are needed at the front end, and not in technical services.

Grimwood-Jones (1996) noted that, as a result of outsourcing, someone else can worry about running a complex operation whose practices and procedures can seem arcane to general management. There are no costs of providing high levels of staff for periods of low activity. Since there is a service contract, management can exert pressure if performance is disappointing. Also, expertise may be brought in that would not be justified in the existing set-up.

Farrell (1997) lists some of the benefits of outsourcing to include: being more cost-effective; the availability of greater expertise; the reduction in costs; and the chance for the organisation to concentrate on core business expertise.

Bordeianu and Benaud (1997) note that outsourcing is a money-saving strategy and an efficiency boosting tactic.

2.8.3 Legal

The UK Outsourcing Report (1999) states:
> In 1981 the Transfer of Undertaking (Protection of Employment) Regulations - TUPE - came into effect. Under this regulation employment contracts for affected employees are transferred with terms and conditions fully protected. Further, employers are obliged to inform and consult employee representatives. The law covers some 95% of all outsourcing events. (p.129)

While TUPE offers a large measure of protection and comfort to the employees, in terms of continuance of employment and of terms and conditions, it does deprive them of the right to choose their employer. It also provides the employer/contractor with some comfort as to the continuation of staff knowledge and expertise following transfer.

For detailed coverage of the legal aspects of outsourcing IT, see Burnett (1998).

The literature can of course be no substitute for expert advice from personnel and legal departments.

Literature Review

3. MARKET REVIEW

3.1 INTRODUCTION

The purpose of this section is to provide an indication of the size and character of the market for outsourcing and externalisation in the main library sectors, and to characterise also the museums and archives domains. Relying on published statistics, which are listed in the bibliography, it aims to bring together various statistical sources for the benefit of both sides of the supply equation.

The purpose is to inform opinions about the viability of increasing levels of outsourcing by stimulating the awareness, among both suppliers and potential customers, of the commercial value and commercial difficulties of outsourcing different activities.

It will become obvious to the reader that the statistics are by no means homogeneous between library sectors, let alone between the libraries, museums and archives domains. They are collected by different bodies, for different reasons. Some are very detailed, others not; some are virtually samples (e.g. special libraries), others fairly complete (e.g. university libraries). What is presented here is a selection from a subset of the published statistics. We therefore urge readers to treat them with caution, and to refer to the original source for definitions, and for any detailed study or analysis they wish to pursue.

With these caveats in mind, we believe, however, that this section presents a valid snapshot of the market at which service providers might aim.

The approach taken is to document both spending and activity. From the spending figures, it will possible for potential suppliers to estimate (or at least guess) the amounts of money, currently spent in-house, that might be diverted to outsourced services. From the activity figures it will be possible for potential suppliers to see the high-volume activities that might be targets.

We have also highlighted some areas that might provide additional revenue to the supplier, outside the charges to the outsourcing organisation (mainly through access to the clientele of the institutions). This may be a controversial area, going to the heart of the difference between the public and commercial sectors. However our purpose is to alert the public sector to the commercial possibilities, welcome or otherwise, of their assets.

The global figures for the domains are impressive. However, when one takes into consideration the way the market operates, that is at the level of individual institutions, indeed perhaps even at a granularity of activities or parts of activities within one institution, the figures may tell a different story. This fragmentation of what is anyway a relatively low-cost market may well prevent suppliers from entering the marketplace; the projected profits from individual contracts may not be sufficient to warrant the pursuit of them.

In the analysis of statistics we have concentrated on two sectors: public and academic libraries. The statistics, provided to CIPFA and SCONUL respectively, are detailed

and have a good pedigree. The expenditure in these sectors is also large, both in aggregate and in terms of individual institutions. Lessons derived from these sectors, concerning the possible non-viability of outsourcing and the measures necessary to foster an appropriate market, will be applicable elsewhere.

3.2   LIBRARIES

Table 1 Overview of library expenditure by sector* (£ millions sterling)

	Health libraries[4]	Public libraries[5]	Univ. & HE libraries[6]	Special libraries[7]	Total
Staff	12	465	214	3	694
Books	2	87	48	1	138
Periodicals	6	7	69	3	85
A/V	-	15	[in books]	-	15
Automated systems	-	29	17	-	46
Online services	1	-	32	1	34
Overhead, premises, etc.	3	245	36	-	284
Total gross expenditure	25	848	417	7	1296

*Gross figures exclude generated income.

NB Some columns do not total exactly because of rounding.

The above table indicates the size of the annual domain spend - £1,296m in total.

The actual total will be greater, since the figures for special libraries are very incomplete. Of the estimated 3000 libraries in this sector, only 60 responded to the survey quoted. This contrasts with 772 libraries responding to a survey in 1996/7 by Creaser and Spiller. That survey identified an expenditure of £159m; even assuming that the larger libraries responded in 1996, one might double this figure of £159m to arrive at a guess for the sector as a whole of £320m.[8]

In addition, we are not aware of any current reliable estimate for library expenditure in the FE sector (see Section 2.3 below). Spending was estimated at £60m in 1994-95.[9] Assuming that this figure is indicative and allowing for budget increases, one might therefore estimate current FE expenditure to be in the region of £70m.

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[4] *NHS library survey 1999-2000: statistics from the NHS Regional Librarians Group.* URL http://www.londonlinks.ac.uk/rlg/documents/NHSLibrarySurvey_1999-2000.pdf.

[5] *LISU 2001 Library Information Statistics Tables.* URL: http://www.lboro.ac.uk/departments/dis/lisu./list01.html.

[6] Ibid.

[7] *LISU annual library statistics 2000.*

[8] Creaser and Spiller, *TFPL survey of UK special library statistics*

[9] Pye and Ball (1999).

As regards school libraries, LISU estimates total expenditure to have been £40m in 1999-2000.

One can therefore deduce that one needs to add to the published total of £1,296m as follows: £313m for other special libraries, £70m for FE libraries and £40m for school libraries. The total domain spend is therefore in the region of £1,719m.

Returning to the accurate totals aggregated from the published statistics, across the board, staffing expenditure, at £694m, represents 55% of the total for the sector. This, it seems to us, is the core expenditure for potential outsourcing: much of the other expenditure is by definition going to external recipients.

Activities such as cataloguing and processing books are currently outsourced to a greater or lesser extent in a number of libraries. This trend is continuing; more and more university libraries for instance are using shelf-ready services negotiated by the regional purchasing consortia such as the SUPC and through other co-operative arrangements. Other library items such as periodicals and audio-visual materials may also be provided to many libraries in shelf-ready condition.

But there is another level of outsourcing, or exporting work. Library management systems are increasingly becoming self-service as far as reserving, issuing and returning materials are concerned; even telephone renewals are becoming automated. Electronic reference services are becoming more sophisticated. Web-based instructional materials for information skills programmes are available or under development in both academic and public libraries.

Library management systems themselves have potential for being outsourced to facilities management companies or library suppliers who may offer local or remote support services for libraries. This is a less well established market but there is increasing interest from libraries that may be able to make savings by outsourcing these operations.

The trend in the private sector is toward outsourcing the day-to-day management of small libraries and information services and in the public sector to test value for money against alternative provision. A significant element of the £694m currently spent on staffing has potential to be diverted to private sector providers. However, at the present time, with the exception of one or two specialist library service suppliers, there are no large-scale providers of temporary or longer-term library staff on contract to provide the management and staffing of libraries in the public sector. Moreover, as pointed out in Section 3.1 above, the granularity of the marketplace may be a serious impediment to suppliers gaining such business

3.2.1 Public Libraries

Figures in this section are drawn from the *LISU annual library statistics 2000* and the CIPFA *Public library statistics 1999-2000: actuals*. The primary source of both sets of data is that collected annually by CIPFA (Chartered Institute of Public Finance and Accountancy) since 1972. The CIPFA statistics below relate to the year 1 April 1999 to 31 March 2000. The LISU statistics extract macro data and do not attempt to analyse the performance of individual authorities.

Details for individual authorities are given in the annual CIPFA *Public library statistics*: *actuals* and in the CIPFA *Public library statistics*: *estimates*. Additional data can be found in *Public library materials fund & budget survey*, published by LISU. Electronic services and systems are covered in Chris Batt, *Information technology in public libraries.*

The CIPFA statistics include further data. These data provide a more detailed breakdown of stock statistics, issues and additions, details of service points and electronic access, types of library user and other tables.

Total expenditure was about £848m. Of this, employee costs represent about 55%, materials expenditure about 14%. Income was less than 10% of expenditure.

Table 2   Expenditure and income 1999-2000 (excluding public library services to schools) (£)

	England	Wales	England & Wales	Scotland	Northern Ireland	Total United Kingdom
No. of authorities	149	22	171	32	5	208
Expenditure						
Employees	382,853,823	19,035,759	401,889,582	50,738,341	12,283,016	464,910,939
Premises	79,708,719	4,054,207	83,762,926	11,744,299	2,444,323	97,951,548
Reference materials (books & pamphlets)	11,683,761	615,467	12,299,228	889,486	339,042	13,527,756
Adult fiction material (books & pamphlets)	24,981,978	1,729,596	26,711,574	4,089,562	694,205	31,495,341
Adult non-fiction material (books & pamphlets)	21,644,427	1,242,789	22,887,216	2,157,529	619,270	25,664,015
Children's material (books & pamphlets)	13,135,656`	900,351	14,036,007	1,479,704	486,116	16,001,827
Newspapers, periodicals & magazines	5,884,792	230,753	6,115,545	525,909	220,424	6,861,878
Music recordings	3,575,695	83,857	3,659,552	497,621	88,680	4,245,853
Talking books	4,361,092	288,611	4,649,703	608,522	62,662	5,320,887
Video recordings	4,652,536	96,990	4,749,526	456,184	82,673	5,288,383
Multi-media/Open learning/Language packs	444,153	28,967	473,120	43,604	10,634	527,358
CD-ROM	1,477,792	51,229	1,529,021	182,960	54,890	1,766,871
Online/electronic	774,600	22,427	797,027	81,985	35,918	914,930
Other library acquisitions	2,517,041	84,588	2,601,629	130,491	123,739	2,855,859
Bookbinding	3,040,604	140,562	3,181,166	451,934	47,303	3,680,403
Total expenditure on materials	98,174,127	5,516,187	103,690,314	11,595,491	2,865,556	118,151,361
Computing costs (non-financial)	25,408,087	1,194,269	26,602,356	1,780,758	558,173	28,941,287
Other supplies & services	42,089,899	1,620,931	43,710,830	3,676,511	1,388,214	48,775,555
Transport	11,627,661	755,511	12,383,172	1,749,161	209,529	14,341,862
Third party payments	5,557,757	350,575	5,908,332	426,535	266	6,335,133
Central support costs	59,711,193	2,890,355	62,601,548	6,161,034	-	68,762,582
Total expenditure	**705,131,266**	**35,417,794**	**740,549,060**	**87,872,130**	**19,749,077**	**848,170,267**

Source: *CIPFA public library statistics 1999-2000: actuals*

Staffing expenditure is, as noted above, the main target for outsourcing and the largest proportion of spend. The following table takes the average staffing expenditure of a local authority library. Three levels of outsourcing are then charted: whole-service (100%), then more realistic lower levels of 40% and 10%.

Table 3 Average annual staff expenditure

% outsourced	Value
100	£2.24m
40	£894k
10	£224k

If contracts offered are at the lower end of this scale, potential profits to the suppliers will be small. Yet all such contracts are well above the thresholds of the EC Procurement Directives (currently about £150k over 4 years), and would therefore incur the overheads (for both customer and potential supplier) of this procurement process. The costs of responding to necessarily complicated tender documents for high-value contracts, for supplies such as books and library management systems, already arouse a chorus, albeit perhaps exaggerated, of complaint from suppliers. The costs are similar for contracts of lower value. This granularity may therefore deter suppliers from bidding, or even from entering the marketplace. Whole-service outsourcing or the consortial aggregation of the requirements of a number of authorities may be a means of encouraging suppliers.

Table 4 Average other non-materials expenditure

Type	Value
Premises	£471k
Computing	£139k
Other supplies	£234k
Transport	£69k
Third-party payments	£30k
Central support costs	£331k

Two points of definition should be noted. Firstly 'third-party payments' excludes payments related to aspects of service costed elsewhere (e.g. binding, processing); this figure cannot therefore be taken as an indicator of the total value of outsourcing; the outsourced payments will appear under other headings. Secondly 'central support costs' are not necessarily charged, but calculated.

It should also be noted that:
a) Destination of spending in many of these areas will be determined by authority-wide policies;
b) A significant proportion of this spending may already be outsourced;
c) Again, there is a high degree of fragmentation, with potentially low rewards.

Turning to indications of activity, we give first an indication of the number of staff in the sector.

Table 5 Staff in post

	England	Wales	England & Wales	Scotland	Northern Ireland	Total United Kingdom
Professional	5,274.1	280.2	5,554.3	739.5	141.6	6,435.4
All other posts	15,769	820.5	16,499.5	2,146.2	584	19,229.7
Total staff in post	20,953.1	1,100.7	22,053.8	2,885.7	725.6	25,665.1

Source: *CIPFA public library statistics 1999-2000: actuals*

On these figures the average annual salary cost per full-time employee is £18,115; 75% of staffing is non-professional. Unless there are extensive efficiencies to be gained, there is little scope here for the private sector to generate a profit while keeping within existing costs; there is even less scope for actual savings that might be passed back to the customer.

An indication of the aggregate levels of activity is given in the following table.

Table 6 Activity

	England	Wales	England & Wales	Scotland	Northern Ireland	Total United Kingdom
Total books issued	362,817,000	20,468,000	383,285,000	38,025,000	9,132,000	430,442,000
Total books added to stock	8,936,896	512,393	9,449,289	1,139,531	238,176	10,826,996
No. of active borrowers	15,410,686	1,080,229	16,490,915	1,628,739	681,927	18,801,581

Source: *CIPFA public library statistics 1999-2000: actuals*

Taking the average authority, annual book issues are 2.1m to a clientele of 90k. 52k books are added to stock each year.

As regards books acquired, the traditional library suppliers are well aware of this market and probably take in aggregate as much out of it as is possible. Whether there are alternative suppliers and/or methods of providing such a bookstock (e.g. leasing), we leave to the creativity of the commercial sector.

Circulation of materials is another matter. Technology is starting to have an impact, by offering self-service possibilities for the issue, discharge and reservation of materials.   Are there organisations (supermarkets?) that could take over the responsibility for circulating materials using existing systems or premises? Even at a low unit cost this is potentially a sizeable market.

We have concentrated so far on income to the supplier from charges to the outsourcing authority. The commercial sector is of course not as constrained, by philosophy or law, in its approach to creating other income streams from existing facilities or clients, as is the public authority. The average annual income of the

public library authority, excluding specific grants, is £359k, over half of it from the circulation of materials. This is approximately £3.98 per head of its active clientele.

Access to the average clientele of 90k people could be valuable to many organisations. Selling an average value of £10 of services or products to such a clientele represents an annual income approaching £1m. Libraries, such as those in universities, are increasingly regarding their users as a valuable asset, and selling advertising space on computer screens, bookmarks and walls in areas of high actual or virtual footfall. The commercial provider may be less inhibited in its exploitation of such an asset. Revenue from such a source may be passed in part back to the public libraries when services are costed for outsourcing.

Whether local authorities are willing to offer their clienteles as an asset is another matter: there are political, philosophical (what is the ethos of the public library?) and legal (Data Protection at least) issues. However these are for individual authorities to resolve, and beyond the scope of this report.

One further point of interest is the extent of outsourcing between library authorities. In 1999-2000 total income from the provision of library services to other authorities was £2,617,317. The bulk of this (£2.1m) went to the English counties, and seems to be a result of local government re-organisation: unitary authorities, split out of larger services, contracted for work to be done by the former parent authority. This seems to be borne out by the fact that expenditure on third-party payments is £3.479m for the English unitaries, but only £732k for the English counties. However the English unitaries themselves show a healthy income of £382k from outsourcing. This may well be from providing services to other unitaries under collaborative arrangements.

3.2.2 Academic Libraries

Figures in this section are drawn from two studies published by the Society of College, National & University Libraries (SCONUL).

SCONUL's *Annual Library Statistics 1999-2000* are based on data collected by its contracted statistical agency, the Library and Information Statistics Unit (LISU) at Loughborough University. The SCONUL statistics represent a comprehensive survey of the university libraries and associated colleges in the UK and the Republic of Ireland, based on data supplied by the institutions themselves via a questionnaire. A small number of institutions did not return the questionnaire, particularly in the Republic of Ireland; this non-return does not however seriously affect the UK data. The data cover the period 1 August 1999 to 31 July 2000.

The published SCONUL statistics include substantial further data, and give statistics for each responding higher education library in the UK. Additional data include statistics on equipment expenditure and on other operational expenditure, as well as on the various sources of income for HE libraries.

Table 7 Library Expenditure Summary

	Total actual expenditure (£)
Staff (inc. London weighting)	182,405,931
Information provision	129,401,469
Equipment	27,650,662
Other operational expenditure	23,341,296
Total	360,763,607

Source: *SCONUL Annual Library Statistics 1999-2000.* 106 institutions responded.

Expenditure on staffing accounts for 50% of the total; on information provision, which includes acquisitions, inter-library loans and subscription to electronic resources, for 36%. A direct comparison with the public libraries' materials expenditure of 14% is not altogether valid: because of the accounting conventions in HE, the SCONUL figures tend to exclude property and central support costs. Making allowance for these costs (albeit targets for outsourcers aiming at the university as a whole) will have the effect of decreasing the proportion of expenditure on staffing, while still showing a balance more favourable than in public libraries to materials expenditure. Public libraries of course tend to have greater overheads, arising from the dispersed nature of the service.

To give some comparisons with the public library sector we offer the following averages for institutions:

Table 8 Average annual staff expenditure

% outsourced	Value
100	£1.77m
40	£708k
10	£177k

The reservations regarding granularity identified for public libraries apply equally here: the average academic library spends £470k less p.a. than the average public library authority.

As regards activity, the average university library has an annual issue of 637k to 20k users. It adds 23k books each year and 30k serials parts. It procures 11k inter-library loans for its users. The levels of activity are much lower than in public libraries (2.1m issues), as is the user-base (90k users). Because of the much more controlled environment possible creative uses of alternative outlets such as supermarkets probably are not available. However, the proportion of loans to users, at about 32:1, is higher than in public libraries, about 23:1. Further automation of the issue, discharge and reservation process may therefore be attractive in the academic library setting too.

The following table indicates the proportion of catalogue records acquired from external sources to be about 75%. This demonstrates the successful market penetration of shared cataloguing. We expect this proportion to increase as more material is supplied shelf-ready.

Table 9 Catalogue records added

	Mean	**Min**	**Max**	**Total**	**No. of responses**
Record sets added	20,635	485	133,591	2,042,891	99
Created locally	6,023	0	25,419	517,937	86

Source: *SCONUL Annual Library Statistics 1999-2000*

The average annual income of the university library, excluding often sizeable grants for equipment, research, etc., is £418k; that is £23.70 per head of its users. A large proportion of this income is from fines, photocopying and "sales". Less than £19k derives from commercial activities, such as the advertising discussed above, although we expect this figure to increase significantly in the next set of statistics.

There is therefore scope here too for seeing a library's users as an asset.

There is no evidence in these statistics of significant outsourcing between HE libraries or for the benefit of other sectors.

3.2.3 Further Education Libraries

There are no reliable data on totals of either expenditure, staffing or activity for the FE sector. Data on means in FE libraries can be found in the *LISU annual library statistics 1999*, principally Section 5: National, Further Education and School Libraries. Data are actual for 1996-97 and estimated for 1997-98. LISU declines to estimate totals from these means.

With these caveats as to reliability in mind we offer the following as a very rough guide to the expenditure of the average general FE college, which has a student population of 3000 full-time equivalents (FTEs).

The mean library expenditure per FTE student in 1996-97 was roughly £50; total expenditure in the average college of 3000 FTEs would therefore be £150k. Annual staffing expenditure, assuming roughly 50% of budget as in other sectors, would be £75k; annual materials expenditure, assuming 1/3rd of budget, would be £50k.

These budgets are very small in terms of the libraries domain. We would guess that there would need to be significant aggregation to interest the commercial sector. Such aggregation could of course occur naturally through the individual Learning and Skills Councils. Alternatively there are signs that the higher education sector may begin to provide services to partner colleges, as, it seems, the county libraries do for the unitaries.

3.2.4 Special Libraries

The following table is derived from the *LISU annual library statistics 2000*; data refer to the (financial?) year 1998-99.

Table 10 Special library statistics

	Govt.	Prof Assoc	Legal/fin.	Energy/ Pharm	Total
No of libs	19	14	10	11	60
Activity					
User pop	92,573	343,535	18,924	2,675	457,707
Prof staff	73.4	46.1	78	17	214.5
Clerical staff	65.2	22.5	16	15.4	119.1
Book acq.	25,554	11,267	4,483	798	42,102
ILLs	9,575	4,099	3,435	8,944	26,053
Book issues	114,294	31,110	19,815	22,400	187,619
Expenditure					
Prof. staff	£360,830	£385,300	£932,300	£297,000	£1,975,430
Clerical staff	£295,115	£127,500	£150,000	£53,000	£625,615
Books	£283,783	£248,730	£140,090	£236,300	£908,903
Serials	£1,284,225	£457,090	£616,745	£150,000	£2,508,060
Online	£379,789	£72,500	£419,707	£133,000	£1,004,996
Total	**£2,603,742**	**£1,291,120**	**£2,258,842**	**£869,300**	**£7,023,004**

Source: *LISU annual library statistics 2000*

As the authors note, the sample sizes are very small, and their accuracy is suspect; those for government and professional association libraries are probably most reliable. Thus, over two years, there are fluctuations of between 200% and 560% in mean expenditure on professional staff, of over 300% in the mean number of targeted users.

From the point of view of this report, the lack of reliable data is unfortunate, since this sector is of course much more susceptible to whole-service outsourcing, and is where probably the bulk of commercial activity has been concentrated. As noted above, there are about 3000 libraries in this sector; only 2% are therefore represented in this survey. Moreover, special libraries operating in the commercial environment are very under-represented.

Given the above, we do not think it worthwhile to provide any further analysis of these statistics, beyond noting some obvious features of the sector.

Professional staff may significantly outnumber clerical staff; this is the opposite of both public and academic libraries. Unsurprisingly there is a high level of inter-library loan activity; expenditure on serials and online resources outstrips that on books.

3.2.5 Summary

- The granularity of the marketplace in all sectors may deter suppliers form bidding.

- Whole-service outsourcing or the consortial aggregation of the requirements of a number of libraries may therefore be means of encouraging suppliers.

- There is significant market penetration for the outsourcing of book processing, but no detailed statistics.

- Circulation of materials in public libraries is particularly high-volume and may be an area for innovative outsourcing approaches.

- A library's clientele may be regarded as an asset by potential outsourcers, and hence a means of reducing costs. Ethical, political and legal issues are raised.

- There is considerable inter-authority outsourcing between public library authorities.

- Learning and Skills Councils could play the role of aggregators for further education libraries; higher education libraries are beginning to provide services to further education.

- The commercial library sector is susceptible to whole-service outsourcing, but there is a considerable lack of data for this sector.

3.3 MUSEUMS

The data in this section are extracted from the tables in *Museum focus, Issue 2*, a compendium of statistics compiled by the Museums & Galleries Commission (MGC) from the DOMUS (Digest of Museum Statistics) 1998 Survey, the 1998 complementary survey of collections, and the 1998 survey of public sector conservation provision. The tables below all relate to data from the DOMUS 1998 Survey.

The DOMUS data relate to museums in the Registration Scheme, a scheme established by the MGC to raise museum standards in the UK. By June 1998 a total of 1,742 museums and galleries had met Registration standards, of an estimated 1,800 museums that were eligible for Registration. It is generally estimated that there are around 2,500 museums in the UK, but many of these are ineligible for Registration. This is usually because the collections are privately or corporately owned, rather than being vested in public or charitable trust ownership.

The DOMUS 1998 Survey sent questionnaires to the 1,719 registered museums; of these, 1,389 returned a complete and useable questionnaire, representing a response rate of 81%. The majority of the data relate to the financial year 1997-98.

The data in *Museum focus* have a different emphasis from much of the data researched for libraries. There is a greater emphasis on collections and conservation (in 1997 on services, particularly educational services). No detailed figures on expenditure on staffing are given; long-standing difficulties of collection and recording are cited. However, the overall gross revenue expenditure recorded by the museums surveyed was £448m; the average expenditure of the 1,009 museums providing financial data, was therefore £444k: very small beer when compared with

the libraries domain's expenditure of nearly £1.3bn, and the average public library authority's expenditure of over £4m.

Problems of granularity will obviously apply here in much greater measure.

Table 11 Museum visitor facilities

	Number	**%**
Education facilities/services	888	64
Meeting room	670	48
Private function facilities	452	33
Public car park	666	48
Restaurant/café	484	35
Shop	1,112	80
Temporary exhibition space	850	61

Source: *Museum Focus, Issue 2*

Table 11 shows data for a range of visitor facilities provided by respondent museums, which might be relevant to or candidates for outsourcing or externalisation. It must however be remembered that many museums are housed within larger buildings, which have separate facilities and may share services that are common targets for outsourcing, such as cleaning and catering.

Table 12 Staffing figures

	Total	**Av. no. per inst.**
Paid permanent (FTE)	12,590	10.5
Paid temporary (FTE)	2,775	2.3
Total (FTE)	15,365	12.9

Source: *Domus*. Base is 1,188.

While expenditure on staffing is not given, it is possible to make some educated guesses. The average annual salary cost per full-time employee in the public library sector is about £18,115 p.a. Assuming that salaries in the museums domain are similar, the global staffing budget for museums (excluding freelances) is £278m; that represents 62% of the total, which seems a realistic proportion comparable to libraries. On the basis of the same assumption, the average museum's annual staffing expenditure was £234k. Compare the average public library authority at £2.24m; the average academic library at £1.77m.

The problems of scale and attractiveness to the marketplace are very marked.

The statistics also record that 853 freelances were employed by the 1,188 museums responding to these questions. Unfortunately this figure refers only to the number of bodies employed on a freelance basis; it gives no indication of either the hours worked or the number of freelances operating across the sector.

Further information is however provided by a study carried out for the Museums Association in 1996, which identified 500 freelances and consultants.[10] Of a sample of these 500 surveyed, only 22% reported museums as providing all or nearly all their work. Just over half (56%) had held a previous post in a museum. The most commonly reported areas of work undertaken were:

40%	Educational consultancy
40%	Project feasibility studies
34%	Exhibition research
34%	Forward planning
30%	Management or organisational development
29%	Conservation
27%	Collections management

Many of theses areas are the traditional preserve of the typical consultant, and this is reflected in the rates of pay: 12% charged £350-£600 per day and tended not to be museum-specific; 30% charged £200-£300 per day; but 22% charged only £50-£100 per day.

Lengths of commission might be very short (from 1/2 day upwards), but 57% reported contracts of 1-6 months. While 28% had their own standard contract, 18% relied on verbal estimates and agreements.

The picture that emerges is therefore mixed. There is a fair amount of what we might term general non-museum consultancy (particularly educational and management); we suspect this is charged at fairly standard consultancy rates. On the other hand there is also an indication of some museum-specific work, which we suspect is charged at a very low (in relative terms) rate.

Another insight is afforded by the number of volunteers recorded as working in the sector - 25,206 in the 1,188 institutions responding. Volunteers therefore outnumber permanent FTE staff by 2:1! However, the figure again is a raw count of bodies: it provides no indication of the frequency of volunteering or the number of hours provided. The authors do remark though that 15% of all respondent museums (just over 200) were run by volunteers, with no paid staff, permanent, temporary or freelance.

This too is a form of outsourcing.

As regards activity, the number of visits recorded by 1,252 responding museums is 65,535,632; an average of over 52k per museum.

As regards income, museums are again a very different case from libraries: 49% of respondents charge for admission to their core collections. Of gross revenue income recorded by 1,009 museums of £505m, £75m (15%) was earned or other income; this represents an average of £74k per institution. Public libraries, by comparison, raise only 10% of their expenditure as earned income.

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[10]*Consultants and freelance workers in museums: a Museums Association report*, Rachel Hasted, 1996.

While museums welcome large numbers of visitors each year, they do not offer the same permanent user-base, with names and addresses, as do libraries. The possibilities for raising revenue from the visitors are moreover well covered by the museums themselves, through their shops, cafeterias (many of these already outsourced) and friends schemes.

Conservation is an area where there is evidence of extensive outsourcing. Only 7% of museum sites responding had in-house conservation (the proportion of museums, as opposed to sites, will admittedly be greater, but the overall figure will remain low). Of conservation centres responding, 52% carry out work on objects from other institutions. For 12% of organisations such work constituted more than one quarter of such activity. Such work is carried out in museums and archives, but also to an extent in libraries; libraries are less active in this area. It is also common for institutions with conservation centres to contract out work, presumably of a specialist nature. The returns record 66% of respondents doing so.

We can therefore conclude that there is perhaps relatively little scope for additional outsourcing of conservation, and that this element of the marketplace, as with processing books for libraries, is already mature. It is also analogous to the outsourcing between authorities apparent in the public libraries sector.

3.3.1 Summary
- Total expenditure is small compared to the libraries domain.
- The expenditure of the average institution is also relatively small: problems of granularity apply even more.
- There is a high incidence of freelance work, both general consultancy and musem-specific work.
- There is a high incidence of the use of volunteers; these outnumber paid staff by 2:1.
- There is evidence of extensive outsourcing of conservation work, generally between museums.

3.4 ARCHIVES
Statistics in this section are summary statistics from the CIPFA *Archive services statistics 2000-01: estimates.* The survey covered all authorities in England and Wales (not Scotland or Northern Ireland) that operated an archive service.

'Grossing' for missing or incomplete data was only undertaken for those classes of local authority for which there is an adequate time series of data – that is, the English Counties, Metropolitan County Areas (including Greater London) and Wales.

For the London Boroughs, Metropolitan Districts, English Unitary Authorities and English Districts, figures were simply totalled with no regard to missing data.

Table 13 Income and expenditure

Figures £	Total United Kingdom
No. of authorities responding	109 (of 118)
Expenditure	
Staffing	
Employees	23,146,416
Training	119,566
Total staffing	23,265,982
Services	
Premises-related	5,761,917
Transport	259,988
Document purchase	169,640
Conservation materials	598,994
Other	2,479,217
Admin. Building	3,242,762
Other support	2,094,299
Computing costs	729,224
Total services	15,336,041
Total expenditure	**38,602,023**
Income	**6,385,477**

Source: CIPFA *Archive services statistics 2000-01: estimates.*

In terms of expenditure the domain as a whole is much smaller, at £39m, than both the museum (£448m) and library (£1.3bn) domains.

The average repository's annual expenditure was £354k (as against £444k for the average museum, over £4m for the average public library authority). Of this £213k (60%) was spent on staffing.

The familiar arguments about granularity apply equally to the archives domain

Non-grant income, at £5.9m, is 15% of expenditure.

Computing is a relatively small cost compared to the libraries domain. However a large proportion of expenditure is related to buildings. This may be an area for investigation by suppliers, but may by the nature of the archival organisations be tied into local authorities.

Table 14 Staffing (England and Wales)

	FTEs in post
Archivists	422.5
Conservation	94.8
Other	713.4
Total	1,230.7

CIPFA *Archive services statistics 2000-01: estimates.* Grossed data

The average staffing expenditure per FTE is therefore £18,905 (compare £18,115 in public libraries). Staffing balance is somewhat different: professional staff (archivists and conservators) comprise 42% of the total while archivists alone comprise 34%; professional staff comprise 25% in public libraries.

The average archive employs 10.4 FTE staff, of whom 3.6 are archivists and 0.8 conservators.

With regard to outsourcing between authorities, these figures seem to support the assumption that similar factors are in play in the archives domain as in the others. Services, such as conservation, will be provided by the larger (formerly parent) authorities to smaller unitaries, or be undertaken by unitaries for other unitaries.

Table 15 Activity

Readers	787,751
Docs. produced	1,696,027
Talks etc.	2,769
Exhibitions etc.	674

CIPFA *Archive services statistics 2000-01: estimates.* Grossed data

The average archive therefore has 6,676 readers, produces 14,373 documents, gives 23 talks and mounts 6 exhibitions. Compare the average public library authority with 2.1m annual issues to a clientele of 90k.

Compared with public libraries, archives have a small and relatively transient population of readers, and low levels of repetitive work.

3.4.1 Summary

- The archives domain is small in comparison to both the museums and libraries domains.
- Expenditure per institution is also smaller; observations about granularity apply.
- One can infer levels of inter-organisational outsourcing similar to those in the other domains.

3.5   CONCLUSION

- Granularity is a significant factor in all domains, but is most marked outside public and academic libraries. The potential for overcoming this granularity exists in bodies such as purchasing consortia and the Learning and Skills Councils.

- There is significant outsourcing between local authorities, chiefly as a result of local government re-organisation.

- There is significant market penetration in particular areas of activity in all three domains: book processing in libraries; conservation in museums and archives.

- The use of freelances and volunteers is widespread in only one of the domains: museums.

- There is little evidence of cross-domain outsourcing, except in the area of conservation.

4. CASE STUDIES AND FOCUS GROUPS

4.1 INTRODUCTION

The case studies and consultations with focus groups have demonstrated clear differences between the domains and between sectors within the libraries domain. Outsourcing, particularly under the impetus of Best Value, is relatively widespread and sophisticated in the public library and special library sectors. Thinking and practice in academic libraries lag behind. Museums and archives show some implementation, particularly under the influence of Best Value. However constraints in these areas have to do with size and responsibility to the materials in such organisations' care: allowing documents out of the custodianship of a record office for instance may affect their legal standing.

This chapter provides an analysis of the results of the case studies and consultation. Appendix 1 offers an anonymised and selective digest of case study responses.

4.2 LIBRARIES

The broad picture, outside the special library sector, is one of piecemeal outsourcing of technical activities, e.g. acquisitions. The future offers the prospect of consolidation into the outsourcing of whole activities, if not services.

4.2.1 Public libraries

4.2.1.1 Materials supply and processing

This has long been an area of outsourcing. For many years public libraries have had arrangements with their book suppliers, and more recently for other materials as well, to process books so that they are equipped with all the necessary stationery and protection to go on the shelves. More recently libraries have outsourced the cataloguing and classification of the bulk of their materials to suppliers so that the items arrive fully shelf-ready.

Suppliers now also offer to do the selection for libraries against set criteria. This broadening of processes outsourced could lead eventually to the whole of stock management (including acquisition) being outsourced.

The savings from this outsourcing have long been recognised, as the routine processes are transferred to where economies of scale can operate. The ending of the NBA has tended to generate competition on both price and range of services offered by suppliers, encouraging an increase in operations outsourced.

4.2.1.2 ICT

This is also a long-standing area for outsourcing. Most public libraries have bought-in turn-key library house-keeping systems, rather than designed a system in-house. Those few in-house systems that exist are likely to be replaced by turn-key systems when they are due for replacement. The systems available have become increasingly sophisticated and able to offer a range of EDI, management and stock-management functions in one system. Most recently they have offered web access and opportunities to develop the People's Network agenda. Facilities management may be

outsourced. This happens in a number of ways: to the system supplier, to an ICT contractor, or to another authority (e.g. following local government reorganisation).

Given the complexity of developing such all-purpose systems it is unlikely that any in-house systems will be developed in the future.[11] The advantages of outsourcing lie in both the areas of cost and technical skills.

4.2.1.3 Support functions

For many years, especially following the contracting out legislation of the late 80's, local authorities have contracted out cleaning, maintenance and similar functions. The library service has had these functions outsourced as part of an authority-wide process. There is also evidence of library-specific functions, particularly the recovery of library books from defaulters, being outsourced. This too may follow authority-wide practice.

4.2.1.4 Other library services

A range of special services either have been or are being considered for outsourcing. Examples include the provision of mobile services by one authority for another (especially following LGR); the outsourcing of the supply and operation of transport, usually as part of an authority wide process (e.g. in Surrey); microfranchising, i.e. the operation and management of a branch library by a lesser authority (e.g. a Parish Council in Powys taking responsibility under a formal agreement for the operation of a small library). More recent proposals relate to the delivery of the housebound service being undertaken as part of a contract for the delivery of home meals (being considered by Essex); the outsourcing of call centres, including a library telephone enquiry service, and the outsourcing of business information services.

4.2.1.5 Part-service outsourcing

Following LGR a number of arrangements were entered into, some temporary, but some continuing, where one authority provides a range of services to another. The best example of this is Essex, which provides a range of services, including provision of ordering and supply service (itself outsourced by Essex) and an ICT system for Thurrock and Southend Boroughs. Another example would be the operation by Dorset County of a schools library service in Bournemouth and Poole Boroughs as well as in the County, rather than three separate services being established.

4.2.1.6 Whole-service outsourcing

The only example of a whole service outsourced is Hounslow's outsourcing of its library service to a Trust. Research a few years ago indicated that this was a perfectly feasible structure for delivering a public library service.[12] Dorset decided not to proceed with this development, but Hounslow, in 1998, established a Trust to provide its leisure services, including library services, which were set-up as one of the companies within the Trust. The service is now provided under contract to the library authority by the Trust.

The main benefits are claimed to be a greater freedom of action to respond quickly to new developments and changes, greater budgeting certainty over the period of the

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[11] One exception as we go to press is Dorset County, which has contracted to develop its own in-house system to replace an existing in-house system of several years' standing.

[12] *Libraries Feasibility Study into Trust Status*, Coopers & Lybrand/Dorset County Council, 1994

contract (10 years with a mid-point break and funding linked to RPI) and a Board, representing a cross-section of the community, which can fight for the service. It was significant that at Hounslow there was all-party support for this development; in many places there would be political objection to such a proposal, which could undermine the effectiveness of the initiative.

We have discovered no example of whole-service outsourcing to a commercial supplier. The KPMG/CPI study and the experience of Westminster are cited by libraries to indicate that there is no commercial provider. However, at least one commercial provider is starting to put itself forward, citing the experience of Riverside Public Libraries in the USA, and we may see the development of consortia of suppliers, similar to those formed for PFIs.

4.2.1.7 Co-operatives and consortia

Co-operative schemes have been in operation for many years and are not particularly concerned with outsourcing, more with the sharing of scarce or special resources. Consortia in libraries have developed especially to take advantage of the demise of the NBA and secure best price by the use of scale for operations often already outsourced.

Some recent thinking, however, indicates that some of these organisations may be starting to offer an opportunity for outsourcing some services to them. For example CoEast is exploring the co-operative acquisition and use of specialist materials (such as music scores, drama sets) and the development of a regional enquiry service to operate for all its members. While on the borders of outsourcing, this opportunity to transfer and pool services can lead to economies of scale and exploitation of specialist skills in much the same way as outsourcing to the private sector can.

The aggregation of a number of relatively small-scale activities may also attract private sector provision: suppliers in other fields (e.g. publishers) are encouraging, or even helping to create, consortia to create viable markets for products or services.

The consortia also have an important role to play in developing and extending the purchaser/provider culture.

4.2.1.8 Private Finance Initiatives

These are intended to introduce private capital into the public sector, essentially to fund major capital projects, which cannot be financed by the public sector now. It is a form of deferred capital financing providing the asset immediately, but with long-term costs being incurred as the private sector partner recoups his costs and makes his profit on the asset before it is handed over at the end of the term of the agreement. The most obvious examples are the provision of the new Bournemouth Central Library together with the delivery of a new ICT system, subsuming the library management system, for the whole service. It is also hoped to provide a new central library in Brighton by the same method.

PFI involves enormous inputs of senior local authority staff time, as well as the employment of expensive specialists, but, if the alternative is no new capital developments, the advantage to the service and users may be easy to identify.

The Bournemouth PFI provides some interesting echoes.

Firstly, the size and complexity of this initiative are cited as problematic. This is so in terms of the overhead, represented by the staff costs just discussed. It also brings a lack of flexibility: for instance, choice of contractor for the overall ICT system determined choice of supplier for the library management system. This is not to imply that an inappropriate system will be installed: the vendor in the successful consortium has a large share of the public library market. Rather, the freedom of choice of the key IT system of the library service was lost, together with the potential for joint arrangements with neighbouring libraries and other innovative approaches. Compare also the new IT outsourcing law formulated by Vail (1999) and discussed in the Literature Review above: the benefits to the user are in inverse proportion to the size of the contract.

Secondly there is a major cultural shift in moving from a relationship of trust to one where the specification is fundamental. This is inevitable in any customer-supplier relationship, but is perhaps intensified by the size of this PFI.

4.2.2 Academic and Special Libraries

4.2.2.1 ICT

Academic libraries have for many years bought in ICT library systems and there is a well developed market both in this country and abroad for such systems. In general universities have, however, been resistant to outsourcing the operation of their other in-house ICT systems, claiming that the ICT systems are integral to their teaching and business processes. One exception is Durham University, which has outsourced its management information systems. It will be interesting to see if the development of Best Value (BV) type reviews in the academic sector can maintain the validity of this premise; public library colleagues point to successful outsourcing of such functions in their sector.

4.2.2.2 Materials supply and processing

Some academic libraries have obtained their stock in shelf-ready form, but there is still a greater reluctance in the academic sector to outsource the cataloguing and processing operation than in the public library sector. The particular needs of the institution are often claimed to require a specialist approach to the cataloguing and classification of materials. Classification schemes are often idiosyncratic, with frequent modifications, extensions and mixing of editions. Cataloguing and classification are still seen as core professional functions, and guarded as such. This militates against outsourcing, since economies are achieved through standardised processes. It would however be interesting to see how this area too would fare under a BV-type review, and what the result of increased reliance on electronic resources will be for perceptions of the cataloguing and classification process.

4.2.2.3 Whole-service outsourcing

Libraries in the private and government/quango sector are where the outsourcing of the delivery of the whole service has taken place. A number of commercial companies offer the facility to outsource the complete operation of a library/information service. Using their economies of scale and range of skills across

the organisation these companies can offer a more cost-effective service than a small in-house library/information service.

One commercial library has outsourced the holding of its materials to a storage and retrieval company and kept just a librarian and access to ICT information services in-house.

4.2.2.4 Specialist

The British Library also uses outsourcing where this is felt to be beneficial, and one example is the outsourcing of the provision of the production of bibliographic data to a private company.[13]

4.2.2.5 HE and FE Libraries

Varying degrees of activity are reported, which tend unsurprisingly to reflect institutional attitudes and levels of collaboration.

Some FE institutions have contracts with the local university (e.g. Middlesex) for the delivery of a library service. There are indications that this type of arrangement will become more common. At least one university library is considering externalisation in conjunction with a range of FE partner institutions.

One university and its four associated colleges have a common library management system, which is run from and maintained by the university. The colleges pay a fee.

Another university has a well developed network of associate colleges, and within that an inner core of colleges calling itself Higher Education and Training Partnership (HETP). At the institutional level this negotiates as one body with HEFCE for the Partnership as a whole. The university now provides one college with library facilities seamlessly with its local campus library. Each year the college is invoiced for as an agreed sum to cover stock and staff.

Mergers of HE and FE institutions have generally meant *de facto* that the university has taken responsibility for the college library.

4.2.2.6 Externalisation

Externalisation of HE library services to companies, which are generally wholly owned by the institution and have some form of charitable status, is fairly common. Estimates of 10-15 examples across the UK have been given; we may therefore assume that as many as 10% of HE institutions fall into this category. These companies are generally associated with new building projects, and are seen as tax-efficient. Library staff are generally seconded to the company; the HE institution leases premises to the company and charges for overheads; in return the library company invoices the HE institution for library services delivered. This practice is analogous in some ways to trust formation in the local authority sector, such as Hounslow's Community Initiative Partnership.

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[13] David Nicholas et al. (2000).

Once externalised however there is no evidence that these HE library companies seek to trade except with their HE institution. They remain however potential vehicles for providing commercial services to other libraries.

4.2.3 Future Developments

Drivers are:

- **Best Value** - currently in its formal sense this is having an impact on the public library sector. With the related inspection regime this is forcing library services to question the **way** services are delivered and the justification of **what** is delivered. Many services are starting to ask if traditional ways of operating are necessarily the most effective for delivering what the community needs or wants. It is possible that the Best Value concepts will also start to operate in the academic sector and the same fundamental questioning of existing systems and structures will have to take place there too. In the government sector the impact of Best Value will also result in a continuing questioning of the most cost-effective way to deliver services, which may well include outsourcing of the whole service.

- **Public Library Standards** - Public libraries are also now faced with delivering their services to specified standards and will have to show in their Annual Library Plans that they have clear strategies and actions to achieve the levels required. Given the continuing restrictions on expenditure, it will be necessary to devise new and imaginative strategies to deliver the standards; opportunities for benefiting from outsourcing either to the private sector or to other public sector partners will need to be examined.

- The development of **commercial companies** willing and able to take over the provision of local authority services will ensure that public libraries are not left out of the frame for potential outsourcing of whole services. Indeed, as part of the outsourcing of its LEA, Islington has included its school library service in the contract for the operation of the LEA by a private contractor. We may also see consortia of suppliers developing, which together could supply a complete library service. This strategy is already evident in responses to PFIs.

- In the **private sector** the pressure of finding least-cost solutions will provide a permanent drive to look at new ways of delivering services and there are already well established companies able to offer a full contracting out facility.

- There is an increasing trend in all publicly funded sectors to **regionalism**. Initially this will be at the strategic level, mapping to the government regions. However the interests of partners (e.g. in cementing links between HE and FE institutions) and obvious economies of scale may drive towards common delivery of some elements of service.

4.2.4 New Initiatives

There are a number of new initiatives already being trailed or considered, which give some indication of the likely direction of new developments.

4.2.4.1 Stock Control

The logical extension of the supplier selection and supply of stock against set criteria would be to outsource the total management of the stock and set criteria for the performance of the stock. This would involve offering a contract to a supplier, tied to performance standards, to select, supply, maintain and promote the stock in the

organisation's libraries. This would require a close partnership in delivering the service, but would bring on board a supplier's detailed knowledge of stock and possible access to retail marketing techniques. The supplier would use his economies of scale to offer the highest quality of skills, especially in the area of marketing, which would not be available to a single organisation. The contracts would have to be for a reasonable period of time (probably 5 years as a minimum) to justify the investment of resources by the supplier.

4.2.4.2 Facilities management of ICT

Brent provides a good example of this.[14] Their contract transfers full responsibility for the supply of ICT services to a private contractor against a clear specification. It also takes account of NOF and other new initiatives and gives Brent access to specialist ICT skills in, for example, assisting it in developing its NOF2 bids. It also provides integration of archive and museum materials in a digitising project to be developed under the contract.

4.2.4.3 Specialist services outsourced

Islington's schools library service is a good example of a specialist service being outsourced, and this will be watched with interest to see what changes are made and how aggressively the service will be marketed by the private sector. Other areas being considered are for the outsourcing of a business information service by a major public library. Other specialist services could be 'shared' between library services, especially in a co-operative/consortium, where the skills of one partner are used to deliver a service to all (e.g. specialist music library service).

4.2.4.4 Operation of buildings under facilities management

Some local authorities are handing over elements of their building stock to a private operator. Potentially many library buildings might be considered under-used and it could be that the private sector would find it attractive to operate those buildings not only to provide the library service to an agreed standard, but also to exploit the spare space/time commercially. This would take away the responsibility for maintenance and would provide regular upgrading of the buildings to make them attractive for private sector use, resulting in more attractive and better used libraries. At least one public library service is giving consideration to this possibility.

4.2.4.5 Commercial/private building partnership

A less dramatic alternative is the joint use of space with a commercial partner, where the land owned by a local authority is of interest to a developer. There are numerous examples of such developments.

However, there is no reason why a library should not be combined with, say, a supermarket, so that the supermarket handles the routines of loans, and the library, sited in a dedicated area, is managed by library staff to offer help, information and advice. The commercial partner maintains the building, regularly modernising it, and looks after the routines and is able to offer longer opening hours. The library service concentrates on the management of the resources and their exploitation.

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[14] For a full treatment see J Readman (2001).

The major problem with this approach is the supermarket's need to bring a high level of cash per square metre of retail space. What deals might be struck, involving payment of rent and a volume-related activity fee by the public library, set off by access to the library's user-base, remain the subject of debate.

4.2.4.6 PFI

PFI offers the opportunity of introducing private capital into a cash-strapped service. The examples of Bournemouth and Brighton Boroughs show that major capital projects can be secured that otherwise may never be built.

Could PFI be used to update a library service's total building stock, leaving the contractor to secure the best use of buildings and improve the use of the library service? This would be an interesting possibility to explore, for although some library buildings may not be well sited commercially, many are and it may be possible to develop a package suitable for PFI, as an alternative to facilities management of the building stock.

4.2.4.7 Co-operatives and consortia

It is likely that these will continue to explore new initiatives, which will help individual members deliver better services at less cost than going it alone. For some services this may well be the best way to deliver BV and could be an alternative to outsourcing commercially. The development of CoEast, for example, will be very interesting to watch and may indicate that the move to achieve economies of scale will offer an alternative to commercial outsourcing.

4.3 MUSEUMS

The main areas of outsourcing in museums tend to be the traditional ones of catering and retail sales, where these functions are provided under contract by commercial contractors. Even these functions have sometimes been brought back in-house, particularly where difficulties have arisen with a particular contractor. It is claimed, by some, that it is important to retain these services in-house, so that they project the same ethos as the rest of the organisation and that that is better achieved if they operate in-house. A counter-argument is that health and safety risks involved in catering are better resolved by experts.

The other main areas for contracting out have been in the fields of conservation, design and marketing. This is particularly the case where specialist resources are not available in-house, and specific jobs are then contracted out. The smaller museums make more use of this facility, as they lack a range of staff. It also ensures that resources are applied to specific projects and that they can be clearly costed. Larger museums will outsource specific jobs only when resources or specialisms in-house will not meet the need. One such case in all museums may be the manufacture of interactive displays. These contribute greatly to the impact of exhibitions, but involve specialist techniques. They may also involve particular health and safety risks, best obviated by the expert.

Local authority museums will have certain functions outsourced as part of the local authority outsourcing certain support services (initially as a result of CCT) such as cleaning, architectural services and building maintenance.

An option for a local authority is to contract out the whole operation of their museum service to a Trust. The Trust retains a close identity with the community and can exploit the links that the Trustees bring, as well as gaining some financial benefit in rating charges. It also makes it easy to attract external and corporate funding to support the museum and follows the pattern adopted by many non-profit independent museums.

In at least one case (Weymouth) the whole service was, in effect, transferred to a private contractor as part of a deal to promote and improve facilities to attract tourists, being one of the key trades in the town.

One area of outsourcing identified earlier is the use of volunteers, not only for staffing exhibitions but also for carrying out fieldwork, such as environmental surveys. This domain offers an interesting combination therefore of outsourcing with community involvement.

4.4 ARCHIVES

Although a small domain, archives offer some interesting outsourcing features.

Areas such as cataloguing are not generally outsourced, as in libraries. There is much greater variation in house style and individual practice than with library materials.

The main outsourcing activities may be categorised as follows:[15]

- **Joint arrangements** - These are relatively common following LGR. There are frequent examples of both whole-service outsourcing (e.g. in the South West) and the outsourcing of functions such as conservation and preservation. By definition this outsourcing is to another authority.

- **Commercial** - The storage of modern records (often the function of a record office together with archival preservation) may be outsourced to companies renting secure and environmentally controlled space. One danger cited is the loss of important records. Specialist conservation may be outsourced; a danger here is the creation of monopoly suppliers. Digitisation and data input are frequently outsourced. The impact of the NOF digitisation projects will be interesting to observe: will the projects create additional centres of digitisation expertise in the public sector, or will the hold of commercial providers be strengthened?

- **PFI/PPP** - There is the general problem with PFI of identifying appropriate income streams. There is also the specific problem of mixed functions on a site jeopardising the security of the archive. One example of a partnership is the Public Record Office and DERA's scheme to digitise census data and sell access over the Internet.

- **Externalisation** - Externalisation to a trust has been discussed in the domain, but to our knowledge the step has not been taken. Questions arise about the continuance and funding of support (e.g. legal advice, personnel) common to other local authority externalisation. Domain-specific concerns, about confidentiality and other issues concerning modern records, have been expressed.

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[15] We are indebted to Nick Kingsley's paper at the CPI seminar on outsourcing (*Outsourcing: practice and opportunity in libraries, museums and archives*) held on 22 March 2001 for these categories.

- **Collaboration** - The new Regional Archives Councils are producing strategy documents. These may well include pointers to the establishment of regional centres of excellence, and potentially aid the aggregation of functions necessary to interest the private sector. There is a parallel here with the work of Co-East.

In addition, local authority archive services have been subjected to compulsory competitive tendering as part of a local authority putting cleaning and maintenance out to contract. Clearly local authority services will be subject to Best Value reviews and this may well force services to address issues of options for delivering services.

4.5   CROSS-DOMAIN OPPORTUNITIES

There are fundamental differences of approach between the domains. Crudely summarised, libraries tend to view the user as primary; archives and museums the materials in their care. Libraries are about the exploitation of materials; museums and archives about their conservation and preservation. We do not wish to emphasise this difference too strongly: all three domains find their own balance between exploitation and conservation.

In one very real sense the difference offers rich possibilities of cross-fertilisation of expertise. The outsourcing of specialist services (e.g. conservation) seen within a domain is also of course possible across domains. Paper conservation expertise available within the archives domain may be of interest to the libraries domain. Museums and archives may benefit from the book acquisitions and cataloguing experience of libraries and their suppliers.

One of the main opportunities for cross-domain operation probably lies in the ICT field and especially with the development of digitisation projects, which bring together the three domains, particularly in ensuring the widest exploitation of those resources digitised. The example of Brent's outsourced ICT system, which specifically includes a cross-domain digitisation project, points the way.

There may also be opportunities in the building field to link the development of better museum or archive buildings to development of library buildings, through PFI or facilities management. The opportunities may not always arise, but it is important to ensure that any needs in these two domains are considered along with public library needs.

Despite the differences in approach to preservation and exploitation mentioned above, there may be opportunities for cross-domain collaboration in the area of exploitation for education. Such exploitation of museum collections for instance is an important area of activity, ideally requiring a special blend of skills and experience. It may be difficult to recruit to such specialist posts, since they require a combination of skills and since there is little prospect of career progression. A combination of cross-domain collaboration and regional aggregation of service requirements could create teams of specialists impossible to justify in single-service working. The educational requirements of the three domains could then be outsourced to these teams. This trend may be fostered by the NOF-sponsored programme of digitisation of materials for lifelong learning, itself typically a cross-domain activity, which should incorporate strong elements of exploitation of the materials.

4.6   VIEWS OF SUPPLIERS

Those suppliers consulted were providers of both whole-service outsourcing and services to which could be bolted significant elements of outsourcing (books, library management systems).

Common themes are:

- **Standardisation** - If libraries are able to move away from complex requirements, for instance in ordering and processing books, consortia and co-operatives especially could gain substantial savings by outsourcing to the private sector. In some cases (e.g. classification) software might be developed to cater for local variations.

- **Scale** - Full facilities management of stock against specified criteria was seen to be both feasible and in prospect. With stable contracts over a period of say 5 years, suppliers could provide financial and other benefits through application of their specialist skills and economies of scale. Length of contract is important to suppliers - from the point of view of set-up costs, continuity and staffing stability.

- **New ways of working -** Companies jointly owned by a supplier and a library authority have been proposed. The political climate of public/private partnerships favoured this option.

- Book suppliers are keen to investigate whether they can take on the role of **total stock management** (selection, processing, supply, management, and marketing), although not on a leased basis. This approach offers coherence and scale, taking over a whole process, without broaching the politically potentially sensitive area of whole-service outsourcing.

- **Regionalisation** is seen as providing an opportunity for externalisation and joint arrangements between libraries.

- **Technology** - Teleworking was mentioned as a possibility by a major supplier of bibliographic services, to enable their employees to work at library sites rather than at the company's offices. Regional and joint arrangements obviously support this distributed way of working, creating nodes of greater activity.

- **Cross-domain working** - Library suppliers are willing, in many cases keen, to discuss how their services, e.g. cataloguing, might be applied to other domains.

- **Whole-service versus partial outsourcing** - Whole-service outsourcing is generally confined to the commercial sector and to the relatively small library (i.e. not public or academic) in the public sector. Instant Library offers wide-ranging expertise from over 150 specialist staff. This results not only in whole-service outsourcing but also in consultancy and other work (e.g. library design) for larger services where Instant Library has developed particular expertise. Best Value brings closer the prospect of whole-service outsourcing in the public library sector.

- **Facilities management** - Particularly with the advent of PFI and BV, there is seen to be increasing scope for IT-related companies to win facilities management contracts, Often they will work as part of a consortium, not alone. Benefits to the outsourcer are: transfer of risk to the contractor; economies of scale (e.g. servers, systems management); cheaper services than in-house IT departments.

- **Partnership** - It is stressed that outsourcing does not bring only cost savings, flexibility and efficiencies. It also adds value by making available a high level of

professional expertise. Suppliers are more and more stressing that the outsourcing relationship, whether whole- or part-service, is a partnership that can deliver the highest value by operating at the strategic level in the customer organisation. Obviously there is a level of self-interest here: all suppliers seek to make themselves as indispensable as possible. There is however a very valid point, familiar to all involved in procurement: good suppliers are expert in their own business; this expertise is best exploited by the customer when the supplier is given the freedom to offer solutions and development, rather than being strait-jacketed into client-specified legacy routines and practices.

4.7   ISSUES THAT MAY ARISE

There is the risk of a conflict between the traditional co-operation of libraries and commercial pressures introduced by outsourcing. For example, will Islington's schools library service co-operate with neighbouring schools library services or will they wish to compete? A similar issue could well develop with outsourced business information services.

The development of arm's-length delivery of service has potential for causing problems, although the private sector organisations that have outsourced whole-service delivery and Hounslow with its public library Trust claim that they have avoided any problems. The importance of pitching the contract right is the key to overcoming some of the potential problems, but in the public library sector the political objection to such contracting out cannot be ignored. Some politicians would see this as losing control, given that many feel they control the day to day operation, rather than overall policy and resources, of the services. Much education of politicians, which the modernising local government agenda should assist, may well be necessary to ensure that they understand that they control policy, but not delivery of the service, and that the key is getting the contract right, to ensure that policies are carried through to delivery.

In the HE library sector, similar objections may arise: learning resources, particularly libraries, receive close scrutiny in subject reviews, the process of quality assurance by external peers. Demonstrating the integration of the provision of appropriate resources into academic process and strategy is fundamental to a successful review, and may affect a university's position in the unloved league tables. There may well be resistance to what may be seen as a surrender of control.

In the FE sector, by contrast, outsourcing to an HE partner may be seen and portrayed as an enhancement to both level and quality of service. There has been considerable growth in the provision of HE courses by universities in FE colleges. With the advent of foundation degrees, this trend will continue. Quality, and equality, of access to resources for HE students in the FE environment will continue to be closely scrutinised by the quality agencies. Outsourcing library provision in FE colleges to an HE partner may well bring not only economies of scale but also comfort as to quality of provision.

Concern has also been voiced that, as the whole-service outsourcing market matures, service to individual institutions may diminish. The feared dynamic is that while an authority, for instance, is a single and leading customer for a service, great attention

will be paid to the customisation and delivery of the service to that authority; however, when there are many customers of equal value, the customisation may disappear and a lowest-common-denominator or cloned service become the norm. We are not convinced that these fears are justified: firstly as with all procurement of goods and services, specification of requirements and management of contracts delivering those requirements are fundamental to the quality of service procured; secondly, we would assume that elements of a service that create its particular identity and relationship with its clientele would tend to remain in-house (see for instance the matrix below). The importance of applying procurement expertise to tenders, specifications and contract management will grow.

Volatility in the commercial sector may also be of concern. Brent, for instance, cites implementation problems as their supplier was taken over at a crucial time. There has been considerable turbulence in the book and serials supply markets (Dawson's serials business being sold to RoweCom, and Blackwell's serials division and Swets merging are just two examples). Instant Library has recently been taken over by the Tribal Group. Librarians are well aware of the problems that can arise as suppliers of a single discrete service (e.g. books or serials) change ownership. There is a danger that such turbulence will be magnified if whole services are outsourced to the private sector. This danger is exacerbated by the fact that the marketplace for outsourced services is relatively immature.

4.8   CONCLUSION

We are clearly on the brink of some major changes and developments, particularly in the public library sector, and we need to consider now how best to deliver an effective service in the 21st century, unbound by tradition and habit.

Case Studies

5. DECISION MATRIX

5.1 INTRODUCTION

The purpose of the matrix or profile is to inform the decision on whether a service is a suitable candidate for outsourcing. It is designed as an aid to that process, not as a substitute for it. It is not designed to inform the decision on **whether** to outsource as a matter of strategy: that is an anterior political decision.

We have discovered one matrix designed specifically for libraries (Marcum 1998). In slightly modified form it is reproduced below:

	In-house			**Outsource**
Folklore				(commodity)
Mandated				
Background				
Priority				
Identity	(strategy)			
	Alliance	Alignment	Reliance	Support

The vertical axis is a continuum for process, the horizontal for relationships.

On the vertical axis, 'folklore' processes are those for which there is no real justification except tradition: these, Marcum recommends, should simply be 'rooted out'. 'Mandated (legal, governmental)' and 'background' processes are candidates for outsourcing. 'Priority' processes, which have to do with 'effectiveness and major operations', and 'identity' process, which reflect or determine the organisations identity, should be handled in house.

The horizontal axis characterises relationships with suppliers, partners, stakeholders etc., and also 'complexities of the interaction'. The headings are proposed categories for IT relationships. 'Relationships range from commodity items [in the top right corner] to strategic alliances' in the bottom right corner. The closer to the top right corner, the more suitable a candidate for outsourcing.

While Marcum's matrix may be useful for characterising services or aspects of a service, particularly in the IT area, we believe a slightly different approach is necessary to take account of market and other conditions.

5.2 FACTORS

In the course of this research, and building on Marcum's example, we have identified nine cultural, economic and functional factors that merit consideration when assessing the suitability of a service for outsourcing. These factors are:

a) **Cultural**

- **Peripheral to service identity** - If a service or product is seen to define or be core to the overall service's relationship with its users, particular consideration should be given to the advisability of having it provided by a third party. Examples of core services might be: creation and maintenance of the content of a service's website; stock selection.

- **Complies with corporate strategy(ies)** – In the local government sector, Best Value implies that all services must be tested against any outsourced equivalent. The commercial sector will generally have a strategy of seeking low-cost flexible solutions. Increasingly the academic sector will follow the other two. However, the outsourced solution may conflict with other corporate strategies. For instance, in the local government sector, the authority may have the preservation or creation of local jobs as a priority; outsourcing a service where there are no local providers runs counter to this priority.

- **Corporate policy** – Secondary services, such as cleaning, security, may be outsourced as a matter of corporate policy.

b) Economic

- **High revenue cost** – One main reason for outsourcing is that specialist suppliers should be able to offer economies of scale or innovative delivery of service. Given a properly constructed contract, such economies will be shared with the customer. The higher the revenue cost, therefore, the greater the potential financial benefit of outsourcing.

- **High capital cost** – Public sector organisations in particular often face severe constraints on capital investment, whether in terms of the availability of capital or the length of time over which capital has to show a return. Outsourcing to the private sector is one means of easing such constraints.

- **Market/suppliers exist** - It seems an obvious truth that, if there are no prospective suppliers, there is little possibility of outsourcing a service. One may further question the wisdom of outsourcing a service to a monopoly or near-monopoly supplier. The economic rationale for outsourcing a service is to benefit from the effects of competition in depressing prices and increasing efficiency and service. Where there is no competition prices rise at the whim of the monopolist, and there is no motivation for efficiency. Having outsourced a service, it may be very difficult to bring it back in-house. Organisations may also wish to consider creating suppliers through regional or other collaboration.

c) Functional

- **Difficult to deliver service** - There are many reasons why a service may be difficult to deliver. There may be sudden unpredictable peaks of activity or demand. Maintaining in-house staffing levels to cope with the peaks may be impossible; the specialist contractor will have much higher capacity. Opening service points outside core hours may be impractical or very expensive using directly employed staff, but achievable using agencies. There may be no in-house expertise for specialist work, such as design; there may be a lack of specialist knowledge, for instance relating to health and safety.

- **Poor or declining performance** - "If it ain't broke don't fix it" is a useful precept. If, on the other hand, there is dissatisfaction with a service (catering is a frequent example) an innovative approach by an external supplier working to tight performance measures may bring both cost-savings and increased user satisfaction. One danger must however be highlighted, here, which reportedly has been evident in the field of IT outsourcing. Managers must first understand a problem before turning to outsourcing as a solution. Outsourcing without such understanding will tend to bring more headaches rather than a cure.

- **Easy to specify** - One view often advanced is that routine tasks are easiest to specify and bring benefits in terms of cost-savings and enhanced performance when outsourced. The procurement profession would hold that it is possible to construct a specification for the vast majority of services or products; difficulties tend to arise from a lack of clarity on the part of those writing the specification. While we support this contention, the lack of clarity is itself an impediment to outsourcing: if one cannot describe one's requirements for the marketplace, suppliers will not be in a position to meet them. This factor may in fact indicate an internal organisational immaturity rather than a difficulty in specifying and procuring the service. However the immaturity itself would be an impediment to success in outsourcing.

It will be apparent form the above that some factors contradict others. For instance, a high revenue-cost activity might imply both a high level of in-house expertise and a non-peripheral service. Obviously individual institutions will balance the different factors as they see fit.

We suggest the following ways in which the factors may be applied.

5.3　SIMPLE MATRIX

The first is a straightforward matrix. The factors are simply listed; the more ticks in the right-hand column(s), the more likely the service is as a candidate for outsourcing.

Factor	No			Yes
Cultural				
Peripheral to service identity				
Complies with corporate strategy(ies)				
Corporate policy				
Economic				
High revenue cost				
High capital cost				
Market/suppliers exist				
Functional				
Difficult to deliver service				
Poor or declining performance				
Easy to specify service				

Again it is worth noting that this is not a prescription: the authors do not recommend the outsourcing of services with say five out of nine ticks in the right-hand column. Rather, a profile of ticks to the right suggests a service as a suitable candidate for an outsourcing exercise.

For instance, analysis of an in-house catering service might produce the following profile:

Factor	No			Yes
Cultural				
Peripheral to service identity			√	
Complies with corporate strategy(ies)			√	
Corporate policy		√		
Economic				
High revenue cost	√			
High capital cost	√			
Market/suppliers exist				√
Functional				
Difficult to deliver service				√
Poor or declining performance				√
Easy to specify service				√

The institution would then of course take a view as to the importance of the factors in the left-hand half of the grid. Despite the low cost-implications in this hypothetical example, the potential of the practicality of an outsourcing solution (the suppliers exist; the service is easy to specify) and of turning round a service perceived as poor, may make this a prime candidate.

Institutions will of course wish to expand or otherwise modify the matrix. When considering whole-service outsourcing for instance, one might wish to expand the corporate strategies element.

A university might therefore assess compliance of outsourcing its library service with its Strategies for Information, Learning and Teaching, Regional Involvement, and Research, as well as with the strategies of the institution as a whole and of individual faculties. It may well be that integration of the library service and its staff with the academic process and with quality assurance is central to the Learning and Teaching and Research Strategies, while pursuit or consideration of outsourcing is central to the overall institutional and Information Strategies. This could yield the following profile.

Factor	No			Yes
Cultural				
Peripheral to service identity		√		
Complies with Information Strategy				√
Complies with L/T Strategy	√			
Complies with Research Strategy	√			
Corporate policy				√
Economic				
High revenue cost				√
High capital cost		√		
Market/suppliers exist		√		
Functional				
Difficult to deliver service				√
Poor or declining performance			√	
Easy to specify service		√		

The university would then take a view. The left-hand half of the grid shows a slight preponderance; a contra-indication may be the importance to the institution of its overall strategy or policy and the Information Strategy. Again these are matters for judgement, political as well as economic. The purpose of the matrix is inform that judgement, not to substitute for it.

5.4 WEIGHTED MATRIX

Institutions may wish to refine the matrix by assigning weightings to factors. This may be achieved by grouping factors into bands and assigning numerical values to the degrees of compliance.

To take a simple example, an institution facing severe financial restrictions might apply the following weighted model:

Weight	Factor	No			Yes
		1	2	3	4
3	High capital cost				
3	Market/suppliers exist				
3	High recurrent cost				
2	Complies with corporate strategy(ies)				
2	Poor or declining performance				
2	Easy to specify service				
1	Peripheral to service identity				
1	Corporate policy				
1	Difficult to deliver service				
				Total	

The score is arrived at by multiplying the value of the degree of compliance by the weighting. Thus the cash-strapped library authority might assess the provision and maintenance of ICT equipment as follows:

Weight	Factor	No			Yes
		1	**2**	**3**	**4**
3	High capital cost				12
3	Market/suppliers exist			9	
3	High recurrent cost				12
2	Complies with corporate strategy(ies)	2			
2	Poor or declining performance			6	
2	Easy to specify service		4		
1	Peripheral to service identity			3	
1	Corporate policy	1			
1	Difficult to deliver service		2		
				Total	**51**

The same authority might assess another candidate, supplier stock selection, thus:

Weight	Factor	No			Yes
		1	**2**	**3**	**4**
3	High capital cost	3			
3	Market/suppliers exist		6		
3	High recurrent cost				12
2	Complies with corporate strategy(ies)	2			
2	Poor or declining performance			6	
2	Easy to specify service			6	
1	Peripheral to service identity	1			
1	Corporate policy			3	
1	Difficult to deliver service				4
				Total	**43**

The profiles are quite similar in the raw distribution across the columns: both have 4 in the left and 5 in the right half of the matrix; if all factors are given a weighting of 1, IT scores 24 and suppler selection 22. However the weighted score shows ICT equipment as the more appropriate candidate to meet the authority's requirements.

This application of the matrix is therefore of use in comparing a range of services as candidates for outsourcing against corporately defined criteria.

5.5 PROCUREMENT PROCESS

We have stressed that the matrix is in our view primarily a tool for assessing services as candidates for outsourcing. It is a substitute neither for professional judgement nor for a professionally conducted procurement process. Once the decision, informed by use of the matrix, to approach the market is made, normal procurement practice must be adopted. It is at this stage that factors such as cost and quality of service will be assessed. The level of risk of the potential contract can also only be assessed at this

stage: only then will the status of the contractors and the resilience of the marketplace become clear.

Decision Matrix

6. CONCLUSION

As a result of the study we have identified: a) certain areas of activity where there is scope for outsourcing/externalisation to deliver efficiencies and/or to enhance quality; b) means of fostering the climate for outsourcing and externalisation.

However before turning to these topics, we outline the current position and then test the conclusions of the pioneering KPMG/CPI *DNH study* (1995) against today's study.

6.1 CURRENT POSITION

In the course of this study it has become apparent that outsourcing and externalisation is a significant feature of all three domains. This is both because it is recognised, when properly managed and applied, as a valuable tool for decreasing costs and improving quality of service, and because of the climate of Best Value, particularly in the local authority sector.

The culture of tendering and contract management, a pre-requisite for successful outsourcing, is becoming more and more embedded in the domains. The increasing incidence of grant funding (particularly through the New Opportunities Fund's programmes for digitisation and IT) will reinforce this trend and foster cross-domain working.

There are inhibitors for the process of outsourcing, particularly the granularity of the marketplace and concerns in many sectors about the effects of arm's-length delivery of service. Granularity is evident across all three domains, but most marked in museums and archives, where institutional budgets tend to be much smaller on average than in the libraries domain.

There is significant inter-authority outsourcing, particularly between unitary and county public libraries.

As many as 10% of universities have externalised their library services to companies. Others are providing library services to further education colleges. There is however no evidence of the externalised companies actively seeking business outside their parent institutions; other imperatives (e.g. inter-institutional collaboration) have driven the provision of service to further education.

The current position with regard to outsourcing and externalisation is as follows:
Public libraries
- Long-standing areas for outsourcing are materials supply and processing, ICT including facilities management, and support functions such as cleaning.
- A range of special services are or may be outsourced, such as: mobile and housebound services; transport; management of a branch library by a parish council; call centres.
- Co-operatives and consortia, growing in strength since the demise of the Net Book Agreement, are seen as vehicle for outsourcing or the common provision of services.
- Private Finance Initiatives are seen as means of raising capital investment.

Academic and special libraries
- Universities in general have been resistant to outsourcing ICT functions; some exceptions are identified.
- More impediments to shelf-ready material supply are perceived than in public libraries.
- Whole-service outsourcing is more common in the commercial sector.

Future library developments
- Best Value will have a major impact in the public library sector and may encourage outsourcing.
- Public Library Standards may have a similar effect.
- Regionalism may make potential economies of a scale more apparent and lead to the common delivery of services.

Museums
- Main areas of outsourcing are catering, retail, conservation, design, marketing.
- There are examples of externalisation to a trust.

Archives
- Joint arrangements are relatively common following local government reorganisation.
- Storage of modern records, digitisation and data input may be outsourced.
- Lack of income streams may hinder Private Finance Initiatives.
- Increasing regional collaboration may foster outsourcing or common provision of services.

Suppliers
- The need for standardisation was stressed.
- Book suppliers are keen to investigate full stock management against specified criteria.
- New ways of working – companies owned jointly by supplier and library; regional and joint arrangements – were suggested.
- While whole-service outsourcing is generally confined to the commercial sector, Best Value is seen as fostering the same approach in public libraries.
- Partnerships with suppliers are held to being most benefits when the supplier is given freedom to apply their expertise, without the strait-jacket of a very tight specification.

Three case studies are particularly worthy of future tracking: the externalisation of library services in Hounslow; Co-East as an example of the power of the regional approach; Bournemouth Borough's PFI for a new central library.

6.2   CONCLUSIONS OF THE KPMG/CPI *DNH STUDY*

This 1995 study was written under the CCT regime; we restrict ourselves to those conclusions still relevant now.
- *Degree to which the [public library] service relies on [inter-organisational] networking … for its effectiveness*
  This concern about potential diminution of service is echoed today in comments about competition between commercial service-providers replacing co-operation between public sector bodies.

- *The application of the contracting process is feasible*
  Today we see that contracting is commonplace, partly through procurement arrangements, common or individual.

- *Contracting out should be seen in the context of its ability to help the service achieve its aims*
  This is echoed by comments seeing quality improvement as a central driver.

- *The prospect of significant reduction in cost is limited*
  This is borne out by the market review, which portrays a low-cost environment.

- *There is no natural marketplace for the provision of the range of services...; there is however a market for elements of the service*
  This continued to be the case for some years. However there is now evidence of the private sector showing greater interest and capability (compare Westminster City's experience). Moreover initiatives are evident within the public sector itself: e.g. regional and local provision; development of consortia and co-operatives; externalisation.

- *The low level of activity in acquisitions-related outsourcing suggests benefits are doubtful*
  There has been gradual de facto outsourcing over the years, fostered by the demise of the Net Book Agreement and by the operation of consortia, suggesting that there are major benefits.

- *The imperative of partnerships for funding future development*
  This is borne out in comments today about Private Finance Initiatives and Public-Private Partnerships.

We therefore find that some of the conclusions are still valid, for instance in the limited potential for cost-savings, and in the concerns about diminution of service and an erosion of the culture of co-operation.

However, there has been significant movement in important areas: there is much greater experience of contracting, which is becoming second nature in many sectors; there is widespread *de facto* outsourcing of some activities (e.g. library acquisitions); the market-place for large-scale and whole-service outsourcing is starting to appear.

We therefore conclude that there has been a significant trend towards outsourcing and externalisation since the publication of the KPMG/CPI report.

6.3   ACTIVITIES FOR OUTSOURCING

The study identified the following activities as particular candidates for outsourcing:
Cross-Domain
- The aggregation of functions into specialist externalised services (e.g. educational exploitation of collections);
- Outsourcing between domains of specialist services (e.g. conservation for libraries by archives).

Regional
- The aggregation of functions within domains for outsourcing to commercial suppliers or 'expert' institutions within the domain (e.g. business information service);

- Cross-sectoral outsourcing of functions/services (e.g. to HE libraries by FE colleges).

Individual

- The application of "microfranchising", i.e. the operation and management of a service by a lesser authority;

- The use of volunteers.

6.4   CREATING THE ENVIRONMENT

The following mechanisms would help foster a climate more favourable to outsourcing and externalisation:

Development of Models

- Regional/sub-regional 'common services agency';

- Whole-service outsourcing outside the commercial/special library sector.

- New ways of working with suppliers, such as companies owned jointly by supplier and purchaser or group of purchasers.

Facilitators

- Championing of outsourcing and externalisation by emerging strategic regional bodies;

- Production and promulgation of a tool-kit or manual;

- Promulgation and use of the decision matrix;

- Involvement of purchasing consortia with professional procurement expertise to embed purchaser/provider culture;

- The consideration by purchasing consortia (particularly public library consortia) of cross-domain working;

- Mapping purchasing consortia on to emerging regional structures.

Finally we note that the library domain has a good and improving statistical database for public and academic libraries. This database could be improved if the other major library sectors were included, particularly special libraries. Cross-domain analysis would be fostered if comparable databases existed for museums and archives. The archive domain offers reasonable statistics for the local authority sector.

APPENDICES

Appendices

APPENDIX 1 Case Studies

Questionnaire

Key questions

1.   What does your organisation define as an 'outsourced' 'externalised' or 'contracted out' activity?

2.   Can you list current activities which are outsourced? Are these: buildings related? stock related?, staffing related?, ICT related?, service delivery related?, user related?, legal services? financial management services? , other activities?

3.   Why have these activities been bought in?

4.   Can you provide details of the volume and value of outsourced contracts?

5.   How were decisions to outsource made and at what level in the organisation?

6.   What impact has there been on staff and operations affected by outsourcing activities?

7.   How are outsourced activities managed and monitored?

8.   What, if any, has been the response of service users to activities now outsourced or plans to do so?

9.   Are there activities, within any of the broad categories listed in question 2, which have been outsourced and are now undertaken in house?

10.   Can you identify any activities which could be outsourced, or which it is intended to outsource, or which are being considered for outsourcing?

11.   What are the views of your organisation on the benefits/disbenefits of outsourcing?

12.   Do you provide an outsourced service to others (outside your organisation)?

Notes for interviewer

Q1.   Aim: to ensure shared understanding on commencement

Q2.   Provide some prompts and examples e.g. servicing to shelf ready status for stock, building maintenance contracts, delivery of service to special groups by voluntary sector bodies, facilities management of ICT etc.

Q3.   Prompts: lower cost, lack of skills, peaks and troughs

Q4.   Try to obtain documentation and reports if available
Q5.   Tender process, contracts

Q6.   Resistance, acceptance, changes in work practices

Q.7   Documentation of practice, contract management

Q8.   Recorded comments from individuals, Friends groups etc

Q9.   Ask for reasons and comments Prompts: low quality of service, no longer cost effective, business failure of service supplier

Q10.   Ask for reasons and comment Is lack of suppliers an issue?

Q11.   Solicit opinions

Digest of responses to interviews

Below is given a selective digest of responses in the interviews of organisations known to be active in outsourcing. To protect any confidentiality and organisational sensitivities, the responses have been anonymised.

1   What does your organisation define as an 'outsourced', 'externalised' or 'contracted out' activity?

Public libraries
No formal organisation view, but DSO recently re-integrated. Any service put out to tender or a SLA and supplied by others (outside organisation).

There is no Council view. Until recently the Council was opposed to outsourcing. Unitary status provided incentive to look at outsourcing of library services, mainly to **XXX** County, to gain in economies of scale. Apart from direct services to public most support services were subject of 5-year contract with **XXX**.

Academic and special libraries
No corporate view. Originally seen as anything contracted out, now outsourcing seen as any task that can be done as well or better by others and that either costs less or no more or provides added value. Need a valid reason for doing it - speed, skill or cost. No overall strategy in organisation.

2   Can you list current activities that are outsourced? Are these: buildings related? stock related? staffing related? ICT related? service delivery related? user related? legal services? financial management services? other activities?

Public libraries
Cleaning is externalised across authority (but building maintenance done in-house). Stock supply is currently out to tender. Binding is outsourced. Housebound service provided by WRVS (but no contract). Staff advertising is outsourced, but no other personnel matters (across authority). New library and IT system being provided by PFI will be major new outsourced services.

a) Cleaning - term contract for library. Design and supply for new library
b) Tender for books and non-books (jointly with **XXX**)
c) **XXX** do payroll
d) PFI ICT bid by authority
e) **XXX** deliver phone service

Mobile libraries contracted out as part of a County contract for vehicle supply. IT services**: XXX** libraries' IT services are under facilities management contract with [LMS supplier].

XXX put the book supply out to tender themselves. Cataloguing is contracted to **XXX**, who supply records to an agreed specification. These are input directly, but a few records are amended or supplied locally, but not on a large scale.

a) Buildings - maintenance provided by in-house Council service, as is cleaning.
b) Stock - ordering and supply outsourced to **XXX** County, who in turn have a contract with one supplier for 80%. Selection made from supplier's CD-ROM and from weekly visit to **XXX**. Size of **XXX** ensures good discounts on purchases outside the 80% as well. **XXX** still use the same computer system for stock and circulation control and over access to stock of all 3 services to users.
c) ICT - Circulation control system provided by contractor (**XXX**) jointly with **XXX**. Other ICT services provided in-house by Council, little say by Library.
d) All other services are provided in-house by Council, although personnel is moving towards an in-house Service Level Agreement. With BV and pressure on 'below the line' budget expenditure this trend is likely to develop.

First IT contract for some facilities management signed in 1994, thus **XXX** already supplying services.

Academic and special libraries
a) Building maintenance for whole University outsourced.
b) Stock servicing and supply currently outsourced - moving on to contract for shelf-ready stock, initially in one subject area, but eventually all stock. Specification for processing, cat. and class. being produced. Will include EDI and will monitor speed and delivery of supply. Intended to release staff time for other services (e.g. 24hr. library).
c) University contracts out cleaning. Library sometimes uses agency for temp. staff. Library attendants are about to be contracted out, except Supervisor. Research staff often brought in under contract on specific projects.
d) Normally use university resources, which may be outsourced, library has no say.

One direct consequence of market testing in many (possibly most?) departments was the supply of publications to individual departments. This had mainly been a time-consuming and unpopular process – the source of many complaints – and libraries put this 'out' and saved some lower ranked admin staff and removed the hassle factor. This has brought about some unplanned duplication – library has copy(ies), department has copies – but the extra costs are probably more than offset by other factors.

Contract /short term have been brought in to release permanent staff for additional roles as information/knowledge managers. Work on web creation and design has been outsourced

XXX has approximately 2000 staff all of whom have access to the library service. To make savings (mostly on costly office space being occupied by the library) the library was packed into boxes and moved to storage about 18 months ago. The company providing storage and retrieval service is **XXX**. They are located close by (1 or 2 miles away) and had provided storage and retrieval of the company archives for a number of years. **XXX** store approximately 18,000 documents for **XXX**, all are bar-coded and entered on the catalogue. If a member of staff requires an item they can search the catalogue on the company intranet and send their request to the Librarian. Faxes are sent to **XXX** on a daily basis and are delivered back to the company the next day. At present the librarian handles approx. 300 enquiries per month 75% that can be answered from **XXX** own stock and 30% from inter-library loans (Hatrics and BL).

3 Why have these activities been bought in?

Public libraries
Mainly for value for money and convenience. In case of PFI only source of capital funding at level required.

Policy at one time, now finance driven.

In order not to replicate a mini-county system, and concentrate on direct services to public with **XXX** staff.

Focus on core business of library, contract other activities out. People's Network required IT skills, which had to be outsourced. Just 1 post kept in-house to interface between library and ICT supplier.

Academic and special libraries
Value for money; improving service delivery; doing what can't be done in-house.

Cost saving drove the outsourcing process. The library was occupying expensive office space and removing the shelves allowed the company to make savings of approx. £500,000/annum (the cost of housing 16 staff in a separate building who were relocated to the library space). The librarian was presented with a *fait accompli* that the library had to go. She had to consider the following options:

- Relocating stock to those engineers who needed the information (i.e. not having a library service as such) this was considered an expensive option, as several copies would be required of the basic reference materials. Also staff turnover is high (related to individual projects/contracts)and there was a danger that some staff would remove information materials when they left.

- No library service as such but the support of a librarian for Internet searches etc. and remotely held stock. It was recognised that the traditional service was increasingly being replaced by Web based information, although staff often needed an intermediary to find and validate sources.

The second option would at least maintain access to the collection and was therefore chosen as the best option.

4   Can you provide details of the volume and value of outsourced contracts?

Public libraries
Estimated currently at £400k. (£300k being bookfund). Cost of service provided by **XXX** not calculated, but high in staff value terms. PFI worth £1.4m p.a.

£1.25m total, about half tendered for.

Pay approx. £200k to **XXX** and spend book-fund of £230k.

New wide-ranging ICT contract signed in May 2000, and started in July 2000. Fully open contract process, reduced to two suppliers in last round. Contract for 5 years with 2-year extension available. Equipment leased for 3 years and will be renewed then. Equipment can be re-specified at that point. The contract has an annual price and monthly payments are made. **XXX** pays separately for network costs, but monitored by **XXX**. Leasing charges are also separately paid.

Academic and special libraries
ICT c£40k; Stock c£200k; other items c£30k. Difficult to identify value of proposed shelf-ready contract at this stage.

5   How were decisions to outsource made and at what level in the organisation?

Public libraries
Most decisions made by Head of Libraries under delegated powers. Only PFI has required full Council approval.

Largely decided by library management.

None, as front line staff continued in their duties and there were no support staff in **XXX**. Main issue was to create new identity for **XXX** Libraries, given that staff could see little change in previous pattern of working as part of **XXX**.

Proposal was made by outside consultant to new council and accepted. (It was also recommended that SLS should be included in contract, but new Director of Education decided to provide service in **XXX** and asked Library to run it by providing set-up funds).

Academic and special libraries
Library Executive decides most, with approval of Academic Services Exec. as necessary. If resources are needed from university, needs to go in University

Business Plan and subject to University approval. (Decision on attendants made by Library Exec. with advice from University Personnel staff).

The **XXX** library has a relaxed attitude to buying in services: if a business case can be made by the service head a bid process can proceed with support from internal contracts personnel. Contracts will normally require three bidders, and will be let on a 'value for money' basis rather than strictly lowest cost.

Lack of skills is the principal reason: recruitment patterns change too slowly (although they are being changed) to meet demands. Decisions are generally made at Head of Unit level, following acceptance of a 'business case'. There has been little resistance to changes in work practices: most professional staff welcome them as giving them more influence. Recruitment and retention is a problem as those with the most marketable skills migrate to jobs in the City, solicitor's offices etc. where the rewards are greater and cannot be matched by government.

6   What impact has there been on staff and operations affected by outsourcing activities?

Public libraries
Present services long outsourced, impact of PFI not yet clear.

None.

Drawing up spec. took a long time, no real benchmark, but knew that earlier spec. was weak. 100 days support included in contract from supplier and development work at a special price also included. Problems with implementation, caused largely by **XXX** being taken over at critical time in implementation. Problems now resolved and system working well.

Academic and special libraries
Concerns on job security and some worry about changed jobs. Some fear of change and scepticism. Need to identify training needs and re-assure staff. Trade Union only involved if they request it.

Before relocation there were three staff, a librarian and 2 library assistants (1 professionally qualified). Current staffing is 1 librarian. Previously the company (3-4 years) ago had attempted to manage the LIS with non-professional.

7   How are outsourced activities managed and monitored?

Public libraries
Stock post created - will monitor new stock contract against spec. Housebound service monitored by professional staff (but not against set criteria - more responding to problems as they arise). Cleaning formal monitoring by checklists, supervised at authority level.

Contract specifies performance, accuracy and choice of stock.

Clear performance measures for **XXX** contract, reviewed regularly (six-monthly) against 5 schedules. Monthly review meetings also take place. CCT contracts monitored in-house by **XXX** Council staff (not library).

Academic and special libraries
Each project has a relevant staff member to monitor. Use project management principles.

8   What, if any, has been the response of service users to activities now outsourced or plans to do so?

Public libraries
Service users should see no difference, or an improvement. Should not impact otherwise on them.

Hope has improved service.

Initially some worries over delays in book supply, but now working OK. No noticeable difference to service users.

Academic and special libraries
Keep academic community informed, and accept feed-back. No major problems. Do have user fora. No formal consultation on projects developed so far.

Could not identify any activities, which had been outsourced being brought back in house. Service users, on the whole, do not notice changes in the basic library service: they do however, comment favourably on higher level services through ICT ([but has] higher profile with senior management).

Traditional library users complain that they do not have a library anymore. High staff turnover also means that new staff do not always appreciate how the library works. Some staff also tend to seek their own information on the Internet, when management would like them to direct their enquiries via the librarian (which saves time).

9   Are there activities, within any of the broad categories listed in question 2, which have been outsourced and are now undertaken in house?

Public libraries
No

No

No

Academic and special libraries
None

The **XXX** library was closed down as an internal service and services were bought in for a relatively brief period. When the **XXX** came into being most of the outsourced work returned in-house.

10   Can you identify any activities, which could be outsourced, or which it is intended to outsource, or which are being considered for outsourcing?

Public libraries
Stock selection a possibility. Trust status for whole Department possible in long term. Also possibility to contract for leasing of furniture and equipment.

Tel. call centres. No strategic thought yet. New library/health centre- may contract with doctors. Partnership with **XXX**. Careers.

BV Reviews may drive some changes, especially now there is a possible private sector comparator for the challenge review.

Academic and special libraries
Shelf ready journals is next ambition. Possibly also part-time staff (problem is that there is no real suitable agency for suitably trained staff - entrepreneurial opportunity?)

11   What are the views of your organisation on the benefits/disbenefits of outsourcing?

Public libraries
Benefits - financial and better quality or expertise available from outside. Dis-benefits - perceived lack of control, complicated and detail contract and monitoring procedures required.
Benefits are that a small authority gains from economies of scale and bigger discounts. Dis-benefits are mainly result of being a small authority, a small part of large contract and less say in its direction. Small also means that there is a lack of resources to implement projects funded from outside (e.g. NOF funding) and will need to price in cost of 'consultant' help in implementing projects for which funding is won.

Academic and special libraries
Some loss of direct control. Can improve service by re-directing staff and other resources

- Financial savings
- Librarian has become a key interpreter of stock and also web-based materials, provides intelligence on new and key web-sites
- Acquisitions have decreased and there is much more emphasis on on-line information

- Monthly costs (recurrent) of using **XXX** (£600) annual costs for storage approx. £6300.

12 Do you provide an outsourced service to others (outside your organisation)?

Public libraries
Two prison library services. Local government information service provided under contract.

XXX have an agreement to provide support services (mainly book selection, supply and cataloguing) to **XXX** and **YYY** Unitaries and a copy has been supplied.

Academic and special libraries
Have provided some specialist services to others in past and looking for opportunities.

APPENDIX 2 Project Board

Name	Organisation
Geoffrey Smith OBE (Chair)	
Diana Edmonds	Instant Library Limited
Nigel Macartney	University of Ulster
Simon Matty	Resource
Lyndsay Rees-Jones	Library Association
David Ruse	Westminster City Council
Mark Taylor	Museums Association
Linda Wishart	Department of Health

In attendance

Name	Organisation
David Ball	Bournemouth University
David Barton	Capital Planning Information
Carleton Earl	Consultant

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ACRONYMS

ARL	Association of Research Libraries (US)
BL	British Library
BSI	British Standards Institute
BT	British Telecom
BV	Best Value
CCT	Compulsory Competitive Tendering
CIPFA	Chartered Institute of Public Finance and accountancy
CPI	Capital Planning Information
DCMS	Department for Culture, Media and Sport
DETR	Departments of Environment, Transport and the Regions
DHSS	Department of Health and Social Security
DNH	Department of National Heritage
DoT	Department of Transport
EC	European Commission
EMIC	Export Market Intelligence Centre
EU	European Union
FE	Further education
FTE	Full-time equivalent
HE	Higher education
HEFCE	Higher education Funding Council for England
ICT	Information and communications technology
ILL	Inter-Library Loan
IS	Information Systems
IT	Information Technology
LA	Library Association (UK)
LEA	Local education authority
LGR	Local government re-organisation
LISU	Library and Information Statistics Unit [Loughborough University]
NAG	National Acquisitions Group
NBA	Net Book Agreement
NHS	National Health Service
NMG	National Museums and Galleries
NOF	New opportunities fund
OCLC	Online Computer Library Center
OECD	Organisation for Economic Co-operation and Development
PFI	Private Finance Initiative
PPP	Public-Private Partnership
RFP	Request for Proposal
SLA	Service level agreement
SLS	Schools library service
SCONUL	Society of College, National and University Librarians
SUPC	Southern Universities Purchasing Consortium
TUPE	Transfer of Undertaking (Protection of Employment) Regulations
UK	United Kingdom
USA	United States of America
VAT	Value Added Tax
VFM	Value for Money