

THE LONDON LIBRARY

170th Annual General Meeting

Minutes of the meeting held in the Reading Room at 6pm on
Tuesday 1 November 2011

The Chairman, Bill Emmott (presiding), was gratified by the large turnout. He believed the Library was in a robust and vital state despite difficult times, thanks to the sterling efforts of senior management and other staff. The pledges made to members last year in the wake of the Gift Aid setback had been fulfilled, with tough action taken on cost reduction and good progress made on both membership growth and development of new funding sources. On the cost side, the Library had implemented both global pay cuts and selective redundancies and had also closed the final salary pension scheme. On the revenue side, the Founders' Circle established in autumn 2010 had secured 57 members in its first year and raised nearly £200,000 including Gift Aid, and there were plans to expand it. The membership growth of 373 during the financial year was an indication of the Library's health, and although there had been some downward drift after March 2011 the month of October had seen a net increase, leaving the current membership down by just 38 on the 31 March position. The pattern was usually seasonal and the Library could expect a surge in the pre-Christmas period.

The building project had been suspended since the completion of Phase 2 and would resume when the necessary capital funds were available, but meanwhile there was a continuing need for maintenance. The Library had also suffered a serious flood during the summer, causing some damage to books in the back basement stacks, but staff had responded speedily to the emergency with their customary professional skill.

The Chairman concluded by thanking his fellow Trustees, especially those who were now stepping down at the end of their four-year term: Graeme Cottam, Terence Jagger, Jonathan Keates and Janey King. He then invited the Treasurer, Mark Storey, to explain the Library's financial position in more detail.

The Treasurer began his presentation with a summary of the Library's financial results for the last four years and the current year budget, showing the extent to which the Library relied on other sources of income besides membership fees. In broad terms fee income covered only the staff costs and without other income the core annual deficit would be nearly £1m. Investment income went some way towards bridging the gap, but in the past the Library had come to rely on large legacies to make up the difference, a risky strategy given that these were outside its control. The budget for 2011-2012 therefore included only a token amount of legacy income, and financial strategy was based instead on building sustainable revenue-generating initiatives such as the Founders' Circle.

In summarising the action taken in response to the loss of Gift Aid on fee income, the Treasurer echoed the Chairman's comments on the work of the staff and the executive team. The membership growth of 373 in 2010-2011 was an excellent achievement, and the subsequent slight loss was driven by higher than expected withdrawals rather than a shortage of new members, who continued to be recruited at a healthy rate.

The Treasurer noted that the Library's reserves as defined in charity law were £3.4m at the financial year-end. However, on a broader basis the core reserves and investments totalled over £6m, including the Drue Heinz Literary Fund which supported the collections, and the internal loan to the Development Appeal Fund which had financed building project expenditure pending receipt of pledged capital donations. Interest was charged at a commercial rate on the internal loan, while the Drue Heinz Fund was invested in an equities tracker. The rest of the Library's reserves were invested so as to achieve a reasonable overall return with a relatively low risk of significant capital loss, and the Treasurer thanked his fellow Trustee Basil Postan for his advice in structuring the portfolio. There was no denying, however, that current market conditions were difficult and the blended yield was only about 3%, while inflation remained a concern.

The pension changes implemented on 1 April 2011 were intended to reduce the long term risks to the Library rather than achieve immediate savings. The final salary scheme had been closed and although the fund would continue to be exposed to market movements it would no longer be accruing further liabilities linked to future service. The actuarial deficit had been reduced substantially as a result of the closure and the Library was now making contributions which aimed to clear it within seven years. The Library's contributions to the new Group Personal Pension Plan were capped at 6% of salary.

The Treasurer's conclusion was that significant challenges remained in increasing and sustaining income, but good progress had been made. Meanwhile the cost reduction measures, although painful, represented an important achievement from the point of view of the Library's finances.

The Chairman thanked the Treasurer for his presentation, then took the opportunity to explain the rationale for the 2012 fee proposals before these were formally voted on. The proposed increase of £10 in the ordinary fee was below inflation, but this took into account the £40 increase in 2011 following the loss of Gift Aid on fee income. Now that the constraints of the Gift Aid rules were no longer relevant, it was proposed to increase the discount for spouse members from the present £25 to 50% of the full fee.

As part of the recruitment drive launched in summer 2010 a £50 discount had been issued to members who signed up others. Nearly 200 had joined in response to this initiative, and the Chairman thanked those members who had played their part. He then opened the meeting to questions.

Gary Burford asked whether the Library had considered altering the fee structure to include a donation element on which Gift Aid could be claimed, as happened at the National Trust. He also suggested the Annual Report should include a more detailed breakdown of membership numbers by category, to show how many were paying the full fee. The Chairman replied to the first question by noting that special rules applied to charities involved in heritage and conservation such as the National Trust, but as far as the Library was concerned Gift Aid could now only be claimed on pure donations. With regard to the second point, the Librarian explained that about 10% of the total membership currently paid reduced-rate subscriptions. Roughly half of these were Carlyle members supported by The London Library Trust and the other half members under 25. There was also a handful of members who were given discretionary fee remission by the Librarian under Bye-law 9. The Chairman added that the income earned by The London Library Trust was not now sufficient to cover the fee support grants it paid, and the Library was looking at ways of putting fee support on a more sustainable footing.

Another member asked how important representative memberships were in the overall mix, and how public libraries were treated. The Librarian replied that representative membership had declined and numbers were now fairly small (130 at 31 March 2011), but they were treated in essentially the same way as individual members. The basic borrowing entitlement was ten books for the whole organisation but this could be increased through Extra Book fees, which were a multiple of the individual rate. Educational and charitable bodies were charged less than others in recognition of the Library's own charitable purposes. The 2012 fee proposals introduced a new category of small organisation at a cost only slightly more than the individual rate, to reduce the temptation for such organisations to share books borrowed by individual members of their staff in their own name. Public libraries were charged £41 per volume, giving them complete flexibility, but numbers had declined significantly as a result of recent public funding cuts.

One of the Library's life members commented that life membership had proved extremely good value for him, which might indicate that it was being sold too cheaply. He suggested it might be time for an actuarial reassessment of the life fee scale, and the Chairman (himself a life member) agreed that this would be kept under review. The Treasurer, however, added that life members were a particularly loyal group and their generosity with donations and legacies tended to offset any loss of income from fees.

Another member felt it might be worth exploring new approaches to recruiting members targeted at particular groups, and made reference to other organisations such as U3A. He suggested for example a one-month special membership with no borrowing rights to act as a "hook" to encourage a full membership application. The Chairman agreed that the Library would always need new members to replace those who withdrew, and was keen to identify potentially productive target groups. It was, however, important to ensure that special offers were not unfair to existing members.

Brenda Maddox asked what the Library was doing specifically to recruit younger members. The Librarian explained that young people were very effective in attracting others of their age group through social networking, and Young Person's membership had grown rapidly since it was introduced as a separate category at half the full rate. A key target group was final year undergraduates, and the launch of the Student Writing Prize would give useful access to them.

Another member praised the Library's magazine for the quality of its writing, but was unclear as to whether it paid for itself. The Chairman explained that the writers made their contributions *pro bono* and the magazine was a vehicle for communications with members that would otherwise have to be dealt with separately. The Librarian added that advertising paid for about 75% of the cost, but the remainder would have been spent anyway on other communications.

Another member asked whether the number of potential members was limited by the capacity of the building or borrowing demands. The Chairman noted that the previous peak had been about 8,500, but what was manageable depended on how the facilities were used. Desk space was certainly a constraint, and in recent months day tickets had been rationed to prevent the increasing use of the Library as a temporary office. Book borrowing was less of an issue.

Jules Lubbock was delighted at what the Library had achieved over the last five years, which had put paid to his earlier scepticism. He asked however whether the Library had considered multi-year subscriptions short of life membership, as *The Economist* for example offered. The Librarian replied that such arrangements were already offered for

Young Persons' membership, but on the whole she was not keen to make cash flows more uneven. The Chairman added that with interest rates at a record low the advantage of advance payment was fairly slight.

Sandor Vaci asked whether the glass display case containing some of the Library's treasures could be returned to the Issue Hall from where it had been removed. The Librarian explained that the increasingly varied use made of the Issue Hall meant that it was no longer suitable, and the re-installation of the case would have to await a later phase of building work. Meanwhile the website was being used as a substitute, and although the treasures were now only displayed in virtual form they were much more widely accessible.

Another member asked whether the new discounted spouse membership would be actively promoted. The Librarian assured him that it would, and an advert would appear in the next issue of the magazine which was due out later in the month. The Library was also looking at ways of encouraging lapsed members to re-join, while remaining mindful of its Data Protection obligations.

The Chairman drew the questions to a close in order to complete the formal business of the meeting.

The members approved the minutes of the 169th Annual General Meeting held on 4 November 2010 by a show of hands, with no dissenting votes.

The members approved the adoption of the 2010-2011 Annual Reports and Financial Statements by a show of hands, with no dissenting votes.

The members approved the appointment of James Hannam, Margaret Heffernan and Philip Hook as Trustees by a show of hands, with no dissenting votes.

The members approved the reappointment of Moore Stephens LLP as the Library's auditors by a show of hands, with no dissenting votes.

The members approved the 2012 fee proposals by a show of hands, with no dissenting votes.

The Chairman declared the formal meeting closed at 7.20pm.

Helen O'Neill, Head of Reader Services, then gave a short but fascinating talk on the contributions made by some of the Library's eminent Victorian members to the cultural life the country, focussing in particular on the *annus mirabilis* of 1859 which saw the publication of Darwin's *Origin of Species*, Dickens' *Tale of Two Cities*, Mill's *On Liberty*, Tennyson's *Idylls of the King* and George Eliot's *Adam Bede*. She brought the story through the twentieth century and up to date, closing with a long and diverse list of members who had published prize-winning titles during the last year and looking forward to the Library's own student writing prize.