

166th Annual General Meeting

Minutes of the meeting held in the Reading Room at 6pm on
Thursday 1 November 2007

The Chairman of Trustees, Sir Thomas Legg, KCB, QC, presided.

The Chairman opened the meeting by welcoming members, in greater numbers than usual, and presenting apologies from the President, Sir Tom Stoppard, who was unable to attend as he was in New York for the Broadway opening of his play *Rock & Roll*. The Chairman mentioned that Sir Tom, a superb ambassador for the Library, had also organized a special gala preview of the play in aid of London Library funds. The Chairman then remarked that he hoped that members had already noticed the positive effects of the Library's acquisition of Duchess House: staff were moving out of the Cataloguing Room on the Ground Floor where drinks had been held this evening, and the vacated space would shortly provide an extra reading room for members. Further benefits to members would soon follow.

The Minutes of the Annual General Meeting of 2 November 2006, which had been distributed to those attending, were approved and signed.

The Chairman proposed the formal adoption of the Annual Reports and Accounts which he noted appeared to get longer every year, reflecting the growing statutory responsibilities of charities, and called upon the Treasurer, James Stitt, to introduce and second them.

The Treasurer drew members' attention to the Statement of Financial Activities: although income from members' subscriptions rose to £1.6m in 2006-7, the operating deficit remained high at £889,000. Donations, including a generous legacy from Miss B.J. Scott and proceeds from the sale of a house through the Mrs R.M. Chambers Settlement, had been used to reduce this deficit by around £489,000. Members' subscriptions had for some years failed to match running costs (covering only around 55% in 2006-7) and the Library had drawn down around £1.5m from its reserves over the last 5 years merely to cover its operating costs. These costs were some 4.5% higher this year, and the major item was, as ever, staff salaries. The Library continued to use the universities' pay scale as a base for its own rates. Recent fundamental changes to the arrangements for determining remuneration in higher education, together with an increase in employers' pension contributions, had impacted on the Library salaries budget. The Treasurer congratulated the Librarian and her team in exercising admirably strict budget control overall. Drawing attention to the Balance Sheet, the Treasurer noted the drop in investments from £7m to £5.3m; it had been necessary to draw on these funds to meet ongoing costs.

The Treasurer seconded the adoption of the Annual Reports and Accounts and the Chairman put them to the meeting for discussion, with the request that comments directly pertaining to the proposed fee increase be brought up later in the meeting under Agenda Item 5.

In answer to a query from Lewis Golden, former Chairman and Treasurer on the advisability of consolidating the named unrestricted funds (the 1971 Appeal Fund, the 1991 Anniversary Fund and the Investment Reserve Fund) into the Operating Fund, the Treasurer noted that the historic purposes of these funds had been met and there was now little point in continuing to

list them separately on the balance sheet. In reply to a query from a member the Treasurer said that the transfer of £8.1m from the Development Appeal Fund to the Operating Fund represented expenditure on Duchess House to 31 March 2007 including £3.1m raised specifically for that purpose. Gift Aid continued to provide a useful source of extra income (£169,000), but the Treasurer noted that although all members were invited to sign-up, those who used the Library for business purposes were not able to claim the relief. Responding to a suggestion from Lord Bingham that staffing levels should be reduced, the Librarian pointed out that – from memory - there had been little change in staff numbers since 1989; for example, 2 posts had been created to run the Library's IT provision, but staff in Reader Services had been reduced by 1.5 over the last three years despite the Library continuing to offer late opening on three evenings per week. The Treasurer responded to a query from Jules Lubbock on the propriety of showing disinvestments as “income from listed investments” that the practice was of “rolling up income” into the funds, then taking 4% per year in sale of investment, so that it was equivalent to income. In response to a query from Judy Hillman about investment performance the Treasurer explained that the Library had investments with two independent fund management firms, one specialising in UK and the other in international investments: the first had performed slightly above the benchmark index, the other slightly below.

The adoption of the Annual Reports and Accounts was approved unanimously by those present.

The Chairman then thanked and paid tribute to the four trustees retiring at this meeting: the Rev. Dr Martin Dudley, Marius Gray, Peter Parker and Joachim von Halasz. He reported on the Nominations Committee's work in interviewing volunteers for trusteeship and selecting four candidates for election to replace those retiring. He expressed his satisfaction that so many members were prepared to put themselves forward and his gratitude to all who had done so. He introduced the four new trustees presented for election; they had been chosen especially for their expertise in areas currently under-represented on the trustee board: Graeme Cottam, Terence Jagger, Jonathan Keates and Janey King. In response to a comment from Virginia Rounding that the nomination of four trustees for four vacancies effectually disenfranchised the membership, and could hardly be called a true election, the Chairman noted that while the Charter and Byelaws allowed for competitive elections, the Nominations Committee was free to use its discretion in the matter. Alan Moses commented that potential trustees might be put off from volunteering if the elections were to be competitive. Paul Barker felt strongly that elections should be subject to a ballot of all members rather than those few attending the AGM. The Chairman noted these points and said that the Trustees would give renewed consideration to the matter. The newly-proposed trustees were then duly elected by the meeting.

The Library's auditors, Moore Stephens LLP, were congratulated by the Chairman for their helpfulness, efficiency and wise counsel. Their appointment for a further year was proposed by the Treasurer and seconded by Jane Dorrell.

The Chairman then turned to the matter of the proposed fee increase for 2008. He started by reading in full a message from the President, who urged members to support the Trustees' proposals, saying: “One of the more uncomfortably self-denying challenges facing members of a membership organisation such as ours is that – unlike politicians who get to vote on their own pay rises – we willingly have to raise our hands in support of digging deeper into our own pockets. ... The Trustees' recommendations on membership fees this year are exceptional, but necessary. If we do not put the day-to-day running costs of the Library on a firm footing now, it will certainly struggle – or worse. I feel passionately that we should not allow this to happen on our watch...”

The Chairman then explained the background to the exceptional fee increase this year. It had not come out of the blue. In at least his last three annual reports the Treasurer had emphasised that the continued operating deficit was the single biggest threat to the survival of the Library. It was the responsibility of the Trustees to address this problem, and their starting point had been to return to the Library's stated object as a charity, as set out in the Charter: "the advancement of education, learning and knowledge" through the provision in London of a humanities-based library "for all persons desiring to make bona fide use thereof for the said charitable object subject only to the payment of such sums by way of fees and other charges as are necessary to defray the expenses of the provision and maintenance thereof".

In recent times, particularly during the financial boom years of the 1990s, income from invested reserves (generously built up from charitable donations over many years) enabled the Library to "defray its expenses" while offering members a substantial subsidy on their subscriptions. Unfortunately, investment income was now at much lower levels and no longer closed the gap between costs and subscription income.

In 2004 some £5 million was committed from the Library's reserves to secure the purchase of Duchess House, giving the Library the extra breathing space necessary to ensure it could carry on its functions for the next generation or two.

But, more critically, bridging the continued gap between ordinary income and expenditure had required the Library to expend a similar sum from the capital of the reserves since 1999 just to support the current membership, thus further reducing each year its income from investments. Clearly, this position was unsustainable and the Trustees believed it only prudent now to make a recommendation in the best interest of the long-term survival of the Library.

Diminishing investment returns had necessitated a very careful look at all areas of the Library's expenditure, and members could be assured that the Treasurer and Librarian were keeping the budget on a tight rein, making savings wherever possible. But the current deficit was such that such economies would never be enough on their own. The Library's staffing costs, for example, were by far the largest element of expenditure and the obvious focus for review – but to make up a deficit running at around £800,000 per year would require dispensing with two-thirds of the staff.

As part of trustee deliberations on the matter of subscription fees, much thought had also gone into investigating different potential categories or hierarchies of membership – for non-London based members; for those who visit infrequently; for those who only use the Reading Room and rarely borrow; for those who only use the postal loans service etc. etc. It had been extremely hard, however, to envisage a scheme that would not lead to a significant and unsustainable overall loss of subscription income to the Library, as each category of member would propose paying less rather than more than the others.

The underlying issue was that, regardless of how frequently individual members chose to make use of the facilities, the Library had to add to and maintain its collections, and employ enough staff to provide all of its services all of the time. It therefore seemed fairest, and least divisive, to maintain a fee structure where every member was a full and equal member.

After much careful thought the best possible course of action in the interest of the Library and its membership as a whole therefore seemed to be to stop as soon as possible the further erosion of the capital of the Library's reserves in providing a large automatic subsidy to all members, regardless of their financial circumstances or, indeed, their wishes to be subsidised in this way.

The Trustees' recommendation was instead to continue to use the income from the invested reserves to reduce the costs to members, but to set the basic fee at the remaining true-cost level, and to offer more targeted subsidies for those for whom this would be a genuine barrier to membership.

The Chairman explained that the Library's constitution required that a firm proposal be put to the membership by the Trustees on the recommended level of subscription fees and for this to be voted on, un-amended, by those present. He then invited questions and comments from the floor.

Barry O'Brien opened the discussion by suggesting that the increase, around 80%, was far too great to be voted on only by the members attending the AGM, fewer than 200 out of a membership of over 8,000. He thought the proposal should be withdrawn and the Trustees should think again, perhaps proposing a 30% increase, and further increases in stages. He was concerned that the Trustees had not considered how many members might leave. His views were seconded by Paul Barker who felt the Trustees had not attempted to bring members with them: the Library was a sort of mutual society and trustees should not impose on members in this way. Terry Coleman also thought the Trustees needed the views of the entire membership, and that the proposal should be withdrawn for further consideration.

The Chairman asked George Loudon to comment at this point. He responded that the Trustees had already thought carefully about the issue and about staging the increase, and had decided that the proposal was their best solution. The AGM was the mechanism in the constitution for making such a proposal: the constitution did not allow for a postal ballot. Members must vote either for or against at this meeting: if the proposal were not approved, the Trustees would be obliged to consider their position. James Stitt, Treasurer, addressed the question of resignations from membership, raised also by members. Trustees had carried out a small survey of members to gauge reaction to the increase, and though reactions from the sample were generally positive, it was expected that some members would leave, especially perhaps spouse members. The fee had therefore been set allowing for approximately 30% of spouses and 15% of annual members to resign. However, the London Library Trust existed precisely to support those members who found the subscription too high and more funds were to be made available to do this.

Neil Collins spoke in support of the proposal. Despite the huge increase, membership at £1 per day was excellent value, particularly as the Library also offered, through the London Library Trust, help with the fees. He was concerned, however, that the Library had no proactive strategy for increasing membership, which was needed.

The Librarian responded that in the past the Library had not made much effort to promote itself but this was no longer the case. A start had been made with, for example, advertisements in the TLS and the LRB since 2004, but it was interesting to note that most new members were still recruited by "word-of-mouth" i.e. through friends and colleagues. A Membership Development Group of senior staff was now meeting monthly, and had managed to raise numbers gradually during the last 18 months by a variety of means: participation in London Open House Weekend, targeting academics, hosting many more visits to a wider range of potential members. Resources and time were limited, however, and still the best way of achieving more members was through members encouraging their friends and acquaintances to join.

Lewis Golden, Vice-President and former Chairman and Treasurer, speaking against the proposals, expressed the view that the deficit was caused by the drop in investment income consequent upon the drawing down of the endowment to purchase Duchess House and to meet operating expenses over the last few years. He considered that the London Library Trust

was insufficiently endowed to subsidise membership on the scale proposed and that the Library would fail to attract more members, particularly at a fee of £375. He urged that the endowment be built up again to its highest levels and that no more be spent on the Development Project until the £5m spent on Duchess House had been paid back and re-invested. Operating expenses should be drastically pruned and significant economies made. A modest increase in fees should be made now with a similar modest increase in a year or two's time. If the Library took his advice he pledged a personal gift of £250,000 to be paid in instalments. He took the view that the Trustees' proposals were practically and morally wrong.

Members applauded Mr Golden's remarks.

Nicolas Barker, Vice-President and former Chairman, paid tribute to Mr Golden's masterly handling of the Library's finances in the 1970s and 80s. Speaking in support of the Trustees' proposals he expressed the view that the investment in Duchess House was of huge importance to the Library which had been battling for 50 years with shortage of space. The Mason's Yard extension had been built and with the late Sir Ian Anstruther's help a wing to house the Library's rare books had been built in the early 1990s, but there was still no provision for the future until the purchase of Duchess House. The Library's endowment was more than money: it was also its buildings and its books. The Library had in the past been obliged to raise its fees very substantially: it needed to do so again now, and he urged members to support the proposals to ensure that the Library could continue.

Members applauded Mr Barker's remarks.

Kevin Hannon then spoke, supporting the proposal, stressing that the essential issue was the future. The Library must pay its way: services should not be run down to keep membership fees cheap. Members were the custodians of a remarkable institution and the Trustees must "bite the bullet" and run down the reserves no further. He also stressed the need for a planned recruitment strategy to acquire more members, and suggested that Young Persons' Membership be kept at a flat rate of £100 for a few years, to encourage more young people to join.

Members applauded Mr Hannon.

Martin Albrow expressed sympathy with the Trustees, but suggested that their course was not prudent, and smacked of "stampeding". He questioned their estimates of probable rates of attrition, and argued for a staged increase. He urged members to reject the motion and force the Trustees to come back with a new proposal.

Members applauded Dr Albrow.

The Chairman rejected the suggestions that Trustees had been stampeded into their proposal. The issue had been thoroughly and comprehensively considered over the last year. He reminded members of the Library's charitable purpose and of the Trustees' personal responsibility to maintain its existence.

Richard Davenport-Hines said that the Library existed to collect and to preserve books. There was no justification to raid the endowment fund to keep subscriptions low: if this continued there would be no reserves and hence no Library. Members should not be subsidised by trustees of a charity, regardless of whether they needed it or not, to the tune of £165 per year: the privilege of the last years was not a long-term entitlement. He urged fellow members to vote for the increase.

Members applauded Dr Davenport-Hines.

Stephanie Williams compared the proposed fee favourably with the cost of gym membership, and admired “splendid new” Duchess House, though it would add to the Library’s running costs. If members voted for this year’s increase, she wondered what they might expect next year.

James Stitt, Treasurer, replied that it would depend on costs and the retention of members. If few resigned there would be no need for a major increase next year. The Librarian said that the extra costs of maintaining Duchess House had been allowed for in the setting of the fee.

David Roberts thought membership was worth £210 per year but wondered if it was worth £375 per year. The sum would buy 40 books. He urged the calling of an Extraordinary General Meeting to consider a new proposal.

Lord Bingham again queried staffing levels, given that circulation of books was 20% per annum lower than 10 years ago.

Brian Dobbs said he was shocked but open-minded. However he felt he was being stampeded by the Trustees, and needed more details on their proposals for supporting members with the London Library Trust income e.g. the proposed levels of grants. He was now inclined to reject the increase unless it were brought in in stages, perhaps over four years which most members would find reasonable. He questioned the need for so dramatic an increase.

The Chairman and Treasurer emphasised that this was not a panic measure, but the money was required now. Staging the increase would lead to attrition of members each year that would possibly be greater overall than making the increase in one go.

In answer to the question on the level of London Library Trust (LLT) grants the Librarian, speaking as a LLT trustee, *ex officio*, said that at present grants were for 50% of the fee but a sliding scale might be introduced. Applicants were invited to indicate their annual income bracket, from £0 to £20,000: the top bracket might need to be raised if the membership fee was also to rise. She stressed that the application form was simple and in no way embarrassing to complete; from 2008, every member would be sent a form with their annual renewal reminder, and encouraged to apply for a grant if necessary.

Paul Quarrie noted that as a member of 40 years’ standing he had been shocked by the huge increase and had written to the Chairman expressing his disquiet. He had received a full and charming letter from the Librarian, explaining at length the background to the need for the fee rise. He maintained that there were occasions when hard decisions had to be taken and this was one. He wondered though why the Library’s constitution did not allow a postal ballot and thought this should be investigated.

The Chairman considered this a wise suggestion and agreed again that trustees would revisit the question of how best to consult with members.

Mark Holland then spoke as “the newest member in the room”. He compared the Library with others in London (the British Library, the Institute of Historical Research and the University of London Library), and considered the subscription remarkably good value even at the enhanced rate. But he queried how the situation had been allowed to arise: he hoped the Trustees would not shy away from recommending a further increase next year if necessary. He heartily supported the Trustees’ proposal.

Members applauded Mr Holland.

Philip Allen said there had been little talk of cutting costs. Most institutions made cuts in staffing when faced with a deficit, and he considered that members should not vote for the increase before hearing about any staff reduction proposals.

The Librarian assured Mr Allen that she constantly sought to reduce expenditure, but services were continually expanding. Every post was reviewed very carefully when it became vacant, and a number had been cut over the last 3 years. She reminded members that the Library was doing more, especially in the IT field. Every budget item, including staffing, was carefully considered each year and economies made if at all possible. She felt the Library was not over-staffed: indeed, work on the large building project over the last two years had fallen to her, in addition to her normal duties. The Library was constantly looking for ways to maintain service to members but at a more economical rate: a recent initiative had involved staffing the Library on Saturdays with more casual part-time staff and hence fewer overheads, but the scale of the deficit was too large for this to have much impact.

One member made the point that very few libraries of this size had no books stored off-site. The Library should look for cheaper property away from central London. Michael Agius wondered to what extent the purchase of Duchess House had contributed to the Library's difficulties: should the Library not consider "surgery"?

James Stitt, Treasurer, said that although £5 million had been drawn from the endowment to buy the building, all work on converting and fitting out Duchess House had been financed through the Development Appeal. There was now a fundraising team in place to continue to raise money for the Library.

Nicolas Barker felt strongly that members should not allow an AGM to pass without paying tribute to the Library's incomparable staff. He also rejected the idea of off-site book storage. This Library was the best in the world and members would be shirking their duty if they refused to pay to keep it improving.

Members applauded Mr Barker.

Sir Charles Chadwyck-Healey considered the increase very substantial, but praised the Trustees for deciding to use the Library's reserves to pay for improvements rather than subsidise members' subscriptions. Raising funds to make the most of Duchess House was essential, and no donor would be prepared to give money which was to go to subsidising members rather than helping the Library.

Members applauded Sir Charles.

The Chairman endorsed these comments. He then thanked all members for their views, and summed up the discussion by reminding members that they were all united in wishing to do the best for the Library. He hoped that those with doubts would understand that the Trustees had not made the proposal lightly, and knew it would not be popular. Nevertheless it was their considered view that it had to be done.

Following an intervention from the floor that the trustees should have behaved in a more collegiate fashion, the proposal was put to the vote. It was carried by a clear majority on a show of hands.

The Chairman thanked everyone for attending and closed the meeting.