

Item No.	Classification: Open	Date: 15 February 2011	Decision Taker: Cabinet Member for Culture, Leisure, Sports And The Olympics
Report title:		Film Service- Setting Fees and charges 2011/2012	
Ward(s) or groups affected:		All	
From:		Strategic Director of Environment & Housing	

RECOMMENDATION

1. That the Cabinet Member agrees the proposed non-statutory fees and charges for 2011/12, with an implementation date of April 1, 2011 and is notified of the indicative non-statutory fees and charges for 2012/13 and 2013/14.

BACKGROUND INFORMATION

2. This report sets out proposals for the fees and charges to be set for the outsourced Film service for 2011/12 and indicative charges for 2012/13 and 2013/14.
3. The Medium Term Resources Strategy (MTRS) 2011/12 – 2012/13 and the corporate income policy require that:
 - Fees and Charge are increased to a level, at a minimum, that is equal to the most appropriate London average (e.g. inner London, family, groupings etc) except where this conflicts with council policy, would lead to adverse revenue implications or would impact adversely on vulnerable clients
 - Income generation is maximised by seeking income streams in line with council policies and priorities.
 - All fees and charges capped by statute are increased to the maximum level the cap allows.
4. Only where it can be demonstrated that adverse financial implications might arise or where increases are not considered realistic due to demand and local circumstances, can fees or charges increases be set at a lower level than that set by the MTRS.
5. The Council's constitution requires that all fees and charges increases are agreed by the relevant Cabinet Member through an IDM report. An IDM report is also required where no increase or a reduction in fees and charges is proposed.

KEY ISSUES FOR CONSIDERATION

6. Fees and charges are those charges where there is a schedule of rates for services provided. There are various types, namely mandatory and discretionary i.e. where the Authority must charge or where there is a choice of charging or not. Whether mandatory or discretionary, the charges will be either:
 - Fixed – where the level of charges is set by statute and the Authority has no discretion.

- Capped - where a maximum level is set, generally by statute and so charges cannot be set above this level, or
 - Flexible – where there is full discretion on the level of charges to be set
7. Where the Authority has a choice about charging, any decision not to charge must be agreed by the relevant Cabinet Member. This will be reviewed annually and will be considered within the context of the overall budget position.
 8. This report only seeks approval for fees and charges for which there is discretion or where fees are capped, although, all fees and charges are included in the appendices for information.
 9. In arriving at the proposed fees and charge levels, consideration has been given to a number of factors, including; volume assumptions, benchmarking data, market forces and sensitivity i.e. the impact that increases will have on its customers' ability to pay and the take-up of services. Another factor taken into account is that, whilst Southwark may have discretion over the level of fees set, in many cases, this is on a cost recovery basis or must have due regard to the cost of service and be reasonable. The cost of service provision has therefore, also been a consideration in arriving at the proposed fees.
 10. Table 1 (see paragraph 19) details the total income expected to be generated from non-statutory fees and charges. A full list of non-statutory fees and charges to be approved are shown in Appendix 1. There are no statutory fees and charges within the Film service.
 11. It is proposed that fees are increased by 2% in 2011/12 with 2 exceptions. As a consequence of the VAT increase (17.5% to 20%), the effective increase to end users will be 4.17%

PROPOSED FEES FOR 2010/11

12. Southwark is an important location for the film industry. The borough currently attracts over 1,300 filming days per annum and is the second most filmed borough in London after Westminster.
13. Southwark Council has signed up to Film London's 'London Partnership Agreement' and has agreed to abide by its protocols which include the following points:
 - A borough's film service shall be a one stop shop service;
 - All charges, deadline and protocols should be set out clearly on the authority's website;
 - The borough film officer should collect data about film activity in the borough to be shared with Film London;
 - The charges for the service 'Film Service Charge' should not exceed the cost of running the service;
 - Fees for the letting of Council owned properties are not included in this Film Service Charge;
 - Low budget, student or charity films should not be charged; and
 - Charges cannot be levied for filming on the street but can be levied for issuing licences for 'temporary structures' such as camera track.

14. Southwark Film Service has relied on input from our film contractor, Muso Ltd for determining proposed fees for 2011/12. Muso Ltd has been overseeing filming in the borough since 2005, works closely with Film London on film issues, and is the film contractor for LB Lewisham as well. Muso is therefore extremely well placed to advise on the setting of competitive fees for filming in Southwark.
15. In arriving at the fee proposed for 2011/12, a number of factors had to be considered. These factors include the Film London protocols (see paragraph 15) which include that fees should not exceed the cost of running the service, that low budget, student or charity films should not be charged, and that charges can not be levied for filming on the street. In addition, fees have to be seen as fair by film makers in order to keep on attracting new business and maintaining the borough's position as one of the most popular filming locations in London.
16. As a result of the factors described in paragraph 17, it is proposed that 9 of the 11 different fees for filming are increased by 2% (excluding the VAT increase), whilst the charge for parking bay suspensions remain unchanged, and the unit base fee is increased by 7.1% (excluding the VAT increase). Parking fees (bay suspensions) are being kept at the same level as this charge costs about the same as the penalty that would be incurred if the permit had not been applied for. The high impact unit base fee is being increased by 7.1% as it is believed that the higher end of the market can absorb these increases, and to make this charge more consistent relative to the fees for smaller shoots.
17. Indicative fees for 2012/13 and 2013/14 have been increased by a similar 2% in all cases.
18. An attempt was made to conduct a benchmarking exercise. However this was abandoned as types and categories of fees vary greatly and are often determined by the particular location of the shoot. For information a benchmarking document produced by Film London based on 2009/10 charges is attached as appendix 2.

Resource Implications

19. Table 1 show the budgets and projected out turn for 2010/2011 and the anticipated income levels for 2011/2012 arising from the proposed fees and charges increases.

Table 1 – Film service budget and actual income figures

Income area	2010/2011 Budget	2010/2011 Projected outturn	2011/2012 Proposed budget	Average increase in income	Comments
	£	£	£	%	
- Film service	287,014	262,431	292,754	2.0%	

20. As can be seen in Table 1 actual income for 2010/11 is forecasted to fall about 8.5% short of the budget target. Film income however accrues very irregularly, which makes forecasting difficult.
21. There are no staffing implications to be considered.

Community Impact Statement

22. One of the key considerations in arriving at the proposed levels was the price sensitivity i.e. the impact that increases will have on customers' ability to pay and the take-up of services. In addition, no fees are charged for students, charities and low budget films. Obviously, all this needs to be balanced with the Council's MTRS, as outlined in paragraph 5 and the requirement to increase fees and charges year on year.

Consultation / Notification of fee increases

23. Consultation is not required on the above fees and charges. However, formal notification of price increases is. Once approved, notification of fee increases will be published through the appropriate channels.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Strategic Director of Communities, Law & Governance (SB022011)

24. The Cabinet Member for Culture, Leisure, Sports and the Olympics is asked to approve the proposed and indicative non-statutory fees and charges as outlined in this report.
25. Section 93(1) of The Local Government Act 2003 enables the Council to charge for providing discretionary services. The power in the Act is subject to the requirement that the authority is not expressly prevented from charging for the services by virtue of any other legislation. The Strategic Director of Communities, Law & Governance is not aware of any specific legislative provision which would prevent the Council relying on these powers to charge.
26. The power to charge for a service under the Act is also subject to the duty to make sure that the income from charges made from a service does not exceed the cost of the provision of the service.
27. The Council is, therefore allowed to set the level of the charge for each discretionary service that it thinks fit, subject to those charges not exceeding the costs of the provision.
28. The approval of the fees and charges sought in this report is a matter reserved to the Cabinet Member for individual decision making in accordance with Part 3D paragraph 3 of the Council's constitution.
29. The proposed increases are intended to be consistent with the Medium Term Resources Strategy and will apply to the existing non-statutory fees and charges.

Finance Director (Env/ET/070111B)

30. This report seeks authority for approving the fees to be charged by Culture, Libraries, Learning and Leisure Division for film services in 2011/2012. It is only concerned with fees and charges where the Council has discretion about the level to be charged.
31. The current MTRS states that discretionary fees and charges are to be increased to a level that is equal to the most appropriate London average, except where this conflicts with Council policy or would lead to adverse revenue implications.
32. The Film Service is proposing to increase the current fees and charges by an average of 2 %varying percentages in order to improve consistency between the various fee types. These increases in fees are intended to close the current slight gap between target income and forecasted actual income within the Service. Given that the proposals seek to maximise income generation, they can therefore be considered in line with the MTRS.

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
Film services contract between Southwark Council and Muso Ltd	160 Tooley Street	Paul Cowell

APPENDICES

No.	Title
Appendix 1	Detail of proposed Film service fees 2011/12 to 2013/14
Appendix 2	Film London benchmarking document 2009/10

AUDIT TRAIL

Lead Officer	Gill Davies, Strategic Director Environment & Housing	
Report Author	Adrian Whittle, Head of Culture Libraries Learning and Leisure	
Version	Final	
Dated	15 February 2011	
Key Decision?	Yes	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER		
Officer Title	Comments Sought	Comments included
Strategic Director of Communities, Law & Governance	Yes	Yes
Finance Director	Yes	Yes
Cabinet Member	Yes	Yes
Date final report sent to Constitutional Officer	15 February 2011	