

Item No.	Classification Open	Date: 16 February 2011	Meeting Name: Cabinet Member for Culture, Leisure, Sport and the Olympics
Report title:		Culture Service – fees and charges 2011/12	
Ward(s) or groups affected:		All	
From:		Strategic Director of Environment	

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 Culture Service for 2011/12 and indicative charges for 2012/13 and 2013/14.
3. The Medium Term Resources Strategy (MTRS) 2010/11 – 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. 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.
 9. Table 1 (see paragraph 16) details the total income expected to be generated from non-statutory fees and charges. Full lists of non-statutory fees and charges to be approved are shown in Appendices 1 to 3.
 10. It is proposed to increase fees and charges by varying percentages; the reasons for this vary and are explained in paragraphs 11 to 15 of this report.

Culture Service

Events

11. Events are unique in each borough and comparing charges with those in neighbouring Authorities is not useful. There are over 180 events per annum and many events are grant funded and therefore subsidised. It is proposed to increase all 2010/11 charges bar one by on average about 2%. The exception is the basic admin fee that is not being increased as it was increased by 10% in 2010/11. The indicative increases for 2011/12 and 2012/13 are between also on average about 2%. Details can be found in Appendix 1 of this report. Currently there is a discretionary discount of 50% to 100% for community events. It is proposed not to apply this discount if the community event is generating income.

Heritage Facilities – Kingswood House

12. The main income stream is from hire of rooms. It is proposed to increase all Kingswood House fees by on average about 2.6% (detailed in Appendix 2 of this report). Given the unique nature of Kingswood House, it is difficult to compare fees with neighbouring authorities and other organisations, but the fees are considered competitive with other premises offering function rooms for hire. The increases for 2012/13 and 2013/14 have been kept at 1.8% and 2% on average respectively.
13. It is envisaged that a separate IDM detailing revised fees will be submitted for approval after the completion of the planned refurbishment works at Kingswood House.

Heritage Facilities – Local History Library

14. The library has a large photographic, document and map collection, covering all aspects of life in Southwark. Charges are made for publications, reproductions and the photographing of documents & maps. The Local History Library has historically had a complicated fee structure comprising of 51 different fees. Despite this, income earned by the service has been extremely low. An in-depth review (including a benchmarking exercise) of the fees of this service have revealed that in certain cases fees charged were too low, or had not been updated or replaced with new charges to reflect the impact of recent technological multimedia changes and innovations.
15. The proposal for 2011/12 therefore involves a radical overhaul of fees and an attempt to increase income from fees. It includes a reduction of the number of fees to 23, and the re-focusing of fees on areas where more potential income can be generated. It must be noted that these changes are designed to have a minimal impact on the local Southwark population, and are aimed rather at companies and professionals making use of the service for commercial purposes. The new proposed fees are detailed in Appendix 3 of this report, and benchmarking information is included in Appendix 4.

Resource Implications

16. Table 1 shows the budgets and projected out turn for 2010/11 and the anticipated income levels for 2011/12 arising from the proposed fees and charges increases.

Table 1 – Culture units: budget and actual income figures

Business Unit / Income Stream	2010/11 Budget	2010/11 Projected out turn	2011/12 Proposed Budget	Increase in income %	Comments
	£	£	£		
-Events hires	21,210	36,659	21,634	2.0%	
-Kingswood House	69,952	67,100	71,351	2.0%	
-Local History Library	1,070	3,119	3,181	2.0%	

Budget Assumptions and Implications

17. It is proposed to increase fees by about 2% on average for Events and for Kingswood House in order to keep pace with the inflationary uplift applied to income targets. For the Local History Library the fee structure has been radically overhauled for two reasons, namely so that fees reflect latest technological developments, but also in an attempt to increase income generation by the Library's services. It is however near impossible to accurately predict what the quantum of the increase will be.

Staffing Implications

18. None

Community Impact Statement

19. 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. However, this flexibility is limited to only where Southwark has discretion over the level of fees set. In addition, in certain services such as Events, concessions and discounts are made available for community groups, the young, the elderly and for those on means tested benefits. 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

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

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Finance Director (Env/ET/070111)

21. This report seeks approval for the Culture Service to charge the proposed fees and charges in 2011/2012 and agree the indicative fees and charges for 2012/13 and 2013/14. It is only concerned with fees and charges where the Council has discretion about the level to be charged.
22. The current Medium Term Resources Strategy (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.
23. As outlined in the report, the Culture Service is proposing a range of fees and charges to bring them in line with the Inner London average and increase the total income by an average of about 2%. Based on the neighbouring borough benchmarking information provided and given that the proposals seek to maximise income generation, they can therefore be considered in line with the MTRS. However, it should be noted that the budgeted incomes for 2011/12 and future years do not take into account the savings that are currently being reviewed for the Council services as part of Annual Budget and Business Planning exercise that is likely to be completed by February 2011.

Strategic Director of Communities, Law & Governance (SB022011)

24. The Cabinet Member for Culture, Leisure, Sports and the Olympics is asked to approve the recommendations set out in paragraphs 1 and 2 relating to the proposed implementation of non-statutory fees and charges pertaining to the Culture Service, 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 Council is not 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 from 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, taking one financial year with another, 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 and considers reasonable, subject to those charges not exceeding the costs of the provision.
28. The report confirms how the legal requirements for consultation on the proposed fees and charges and notification of any proposed increases are to be complied with. Officers should ensure that all forms of notification explain how and to whom any complaints or queries should be made.
29. 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.
30. 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.

APPENDICES

No.	Title
1	Detail of proposed Events fees 2011/12 to 2013/14
2	Detail of proposed Kingswood House fees 2011/12 to 2013/14
3	Detail of proposed Local History Library fees 2011/12 to 2013/14
4	Benchmarking data Local History Library fees

AUDIT TRAIL

Lead Officer	Gill Davies, Strategic Director Environment & Housing	
Report Author	Adrian Whittle, Head of Culture Libraries Learning and Leisure	
Version	Final	
Dated	16 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	16 February 2011	