

<b>Item No.</b>	<b>Classification</b> Open	<b>Date:</b> 15 February 2011	<b>Decision Taker:</b> Cabinet Member for Culture, Leisure, Sports and Olympics
<b>Report title:</b>		Library Service Setting fees and charges 2011/12	
<b>Ward(s) or groups affected:</b>		All	
<b>From:</b>		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 Libraries 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 14) details the total income expected to be generated from non-statutory fees and charges during 2011/12. A full list of non-statutory fees & charges to be approved are shown in Appendix 1.
10. It is proposed that Library fees remain unchanged for 2011/12. The reasons for this are explained in paragraphs 12 and 13 below.

#### **Proposed Fees for 2011/12**

11. Since 2007/08, Fees and charges have been benchmarked using the publication by Sheffield Hallam University – SINTO: Fees and Charges in Public Libraries in England and Wales. Appendix 2 sets out the results of the benchmarking exercise for 2010/11. The Southwark Library Service is a member of SELPIG (the South East London Performance Improvement Group), and therefore it is appropriate that our fees are benchmarked against these boroughs, which are Lambeth, Lewisham, Greenwich, Croydon, Bexley and Bromley. This exercise shows that Southwark's fees compare favourably to these boroughs, scoring amongst the top 4 out of 7 boroughs in all categories. It is expected that late charges will be increased in 2012/13 in order to maintain Southwark's top 4 benchmarking status.
12. It is the considered opinion of the Library Service that it will be counter productive to increase any of the fees of the service in 2011/12. This opinion is based on the benchmarking information contained in Appendix 2, as well as a conviction that the public will react negatively to any further increases, which will result in the acceleration of the long term decline in income derived from fees.
13. A separate Individual Decision Making report will be written during the course of 2011 to set the proposed fees and charges for the new library at Canada Water, as it is not the intention that the fees proposed in this report will automatically apply to that library.

## Resource Implications

14. Table 1 shows the budgets and projected out turn for 2010/11 and anticipated income levels for 2011/12.

**Table 1 – Libraries budget and actual income figures**

<b>Business Unit</b>	<b>2010/11 Budget</b>	<b>2010/11 Projected Out turn</b>	<b>2011/12 Budget</b>	<b>2011/12 Projected income</b>	<b>Increase in Actual income</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>%</b>
- Libraries	300,783	301,257	300,944	301,257	0%

## Budget assumptions and implications

15. It is forecasted that total Library Service income will remain at 2010/11 levels as fees have not been increased. Factors supporting growth in income include the continued excellent performance of the refurbished John Harvard Library, and growth in income derived from fines. Factors contributing to reduced income are the potential closure of libraries due to the current round of spending cuts, and the long term decline in revenues from DVD rentals. Any shortfall in income in 2011/12 that may occur should be relatively minor and will be absorbed within the broader Library Service budget.
16. It must be noted that income from Canada Water Library is not included in any figure in Table 1, as it is very difficult to forecast actual income for this new library in its first year of operation. The annual income budget target for Canada Water is £100k, and in addition a £60k target exists for room hire.

## Staffing Implications

17. None

## Community Impact Statement

18. One of the key considerations in arriving at the proposed levels was price sensitivity, i.e. the impact that increases will have on customers' ability to pay, as well as on the take-up of services. This was supported by benchmarking fees against those of neighbouring authorities (see Appendix 2). In addition, the Library Service makes available concessions and discounts for community groups, the young, the elderly and for those on means tested benefits. Obviously 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

19. 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**

### **Finance Director (Env/ET/070111C)**

20. This report seeks authority for approving the fees to be charged for Libraries in 2011/2012. It is only concerned with fees and charges where the Council has discretion about the level to be charged.
21. Currently the Medium Term Resource Strategy (MTRS) is to generally increase discretionary fees and charges 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. CLLL are proposing not to increase the majority of library fees and charges for 2011/12 due to the shortfall that is currently forecast for 2010/11 budgeted income. Based on the benchmarking information provided and given that increasing the majority of Libraries fees and charges may lead to adverse revenue implications, this proposal can be considered to be 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.

### **Director of Communities, Law & Governance (SB022010)**

22. The Cabinet Member for Culture, Leisure, Sports and the Olympics is recommended to approve the non-statutory fees and charges as outlined in this report. The recommendations will take effect on 1 April 2010 if approved.
23. 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.
24. 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.
25. 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.
26. 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.
27. 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.

## BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
Fines and Charges in Public Libraries in England and Wales, 23 <sup>rd</sup> Edition, 2010	CLLL Finance 3rd Floor Hub 2 160 Tooley St PO Box 64529 London SE1 5LX	Deon Kritzinger, CLLL Divisional Accountant 0207 525 3754

## APPENDICES

No.	Title
Appendix 1	Detail of proposed Library Service fees 2011/12 to 2013/14
Appendix 2	Library Service fees benchmarking information

## AUDIT TRAIL

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