

Item No.	Classification Open	Date: 8 February 2012	Decision Taker: Cabinet Member for Culture, Leisure, Sport and the Olympics
Report title:		Kingswood House Fees and charges for 2012/13	
Ward(s) or groups affected:		College	
From:		Strategic Director of Environment & Leisure	

RECOMMENDATION

1. That the Cabinet Member agrees the proposed non-statutory fees and charges for 2012/13, with an implementation date of April 1, 2012 and is notified of the indicative non-statutory fees and charges for 2013/14 and 2014/15.

BACKGROUND INFORMATION

2. This report sets out proposals for the fees and charges to be set for Kingswood House for 2012/13 and indicative charges for 2013/14 and 2014/15.
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 13) details the total income expected to be generated from non-statutory fees and charges. The full list of non-statutory fees and charges to be approved is shown in Appendix 1.
 10. It is proposed to increase individual fees by varying percentages, with the average increase being 3.8%. The reasoning behind the increases is explained in paragraphs 11 and 12.

Proposed fees Kingswood House

11. The main income stream is from hire of rooms for conferences, as offices and for other events & ceremonies. It is proposed to increase all Kingswood House fees by an average 3.8% (detailed in Appendix 1). This is considered fair, as it strikes a balance between the need to maximise income, and the need to remain competitively priced, given that current (October 2011) RPI is 5.4%. It will also afford the service the opportunity to narrow the existing gap between actual income and target income (see Table 1 below). 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 2013/14 and 2014/15 have been kept at 3% as the expectation is that inflation will start falling during the course of 2012.
12. With regards to community groups that contribute to the surrounding community, the service manager has the discretion to provide facilities in the House free of charge

Resource implications

13. Table 1 shows the budgets and projected out turn for 2011/12 and the anticipated income levels for 2012/13 arising from the proposed fee increases.

Table 1 – Kingswood House: budget and actual income figures

Business Unit / Income Stream	2011/12 Budget	2011/12 Projected out turn	2012/13 Proposed Budget	2012/13 Projected out turn	Increase in income
	£	£	£	£	%

-Kingswood House	69,952	59,469	69,952	69,952	0.0%
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14. Budget assumptions and implications

It is proposed to increase fees by 3.8% on average for Kingswood House in order to narrow the existing gap between actual income and target income. If this proves to be unsuccessful, consideration will be given to applying for a reduction in the target during the 2013/14 budget setting process.

15. The steer from 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. Based on the benchmarking information gathered and given that increasing certain of the fees and charges may lead to adverse revenue implications, this proposal can be considered to be in line with the MTRS. The head of service is confident that any shortfall in income target can be contained within the overall budget of the division.

Community Impact Statement

16. 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 the case of Kingswood House, the service manager has the discretion to provide facilities free of charge to community groups that contribute to the surrounding community. Obviously all this needs to be balanced with the Council's MTRS as outlined in paragraph 5 and the requirement to increase fees year on year

Consultation / Notification of fee increases

17. 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 (NR/F&R/8/12/11)

18. This report recommends that the Cabinet Member agrees the proposed non-statutory fees and charges for 2012/13, with an implementation date of April 1, 2012 and is notified of the indicative non-statutory fees and charges for 2013/14 and 2014/15.
19. The Finance Director notes that the average fees increase of 3.8% will uplift the forecast income receivable and should this not be the case the head of service is confident that any shortfall in income target can be contained within the overall budget of the division.
20. The Finance Director also notes that the increase in fees and charges is intended to narrow the gap between actual income and target income indicated by the 2011/12 forecast out turn as per paragraphs 11 to 15. Officer time to effect the recommendation will be contained within existing budgeted revenue resources.

Strategic Director of Communities, Law & Governance (SB0212)

21. The Cabinet Member for Culture, Leisure, Sports and the Olympics is asked to approve the recommendations set out in paragraph 1 relating to the proposed implementation of non-statutory fees and charges pertaining to Kingswood House, as outlined in this report.
22. 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.
23. 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.
24. 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.
25. The report confirms that notification of any proposed increases will be given through appropriate media. Officers should ensure that all forms of notification explain how and to whom any complaints or queries should be made.
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

APPENDICES

No.	Title
1	Detail of proposed Kingswood House fees 2012/13 to 2014/15

AUDIT TRAIL

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

Dated	8 February 2012	
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/Community Council/Scrutiny Team	8 February 2012	