

<b>Item No.</b>	<b>Classification</b> Open	<b>Date:</b> 7 March 2012	<b>Decision Taker:</b> Cabinet Member for Culture, Leisure, Sports and the Olympics
<b>Report title:</b>		Libraries Fees and charges for 2012-13	
<b>Ward(s) or groups affected:</b>		All	
<b>From:</b>		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 Libraries 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 charges 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 18) details the total income expected to be generated from non-statutory fees and charges during 2012/13. A full list of non-statutory fees & charges to be approved are shown in appendices 1 and 2.
  10. It is proposed that a number of Library fees are increased, and certain others remain unchanged for 2012/13. The detail, and reasons for the increases are explained in paragraphs 11 to 17 below. In addition appendix 2 has been created to reflect the proposed introductory hire fees for the new Canada Water library.

### **Proposed Fees for 2012/13**

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 3 sets out the results of the benchmarking exercise for 2011/12. 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 proposed fees compare favourably to these boroughs, scoring amongst the top 4 out of 7 boroughs in 22 out of a total of 23 different charges.
12. It was stated in last year's report that late fees would have to be increased in 2012/13 in order to compare with neighbouring boroughs. Following from this, it is proposed to increase late charges for books, talking books, spoken word, language courses, CD's & CD sets, and children's story tapes from the current 20p per day (to a maximum of £6) to 25p per day (to a maximum £10). This places Southwark in joint second place for the fee when compared to the other SELPIG boroughs (joint 4<sup>th</sup> on the maximum fee). In addition to this, a policy change is being proposed: following consultation with library users during the recent Southwark library review, no reason can be foreseen that users over 60 should not pay late fines, and therefore from 1 April 2012 over 60s will no longer be exempted from this fine.
13. Late charges for DVD's and games software will remain unchanged, but the maximum fine per item will increase from £12 to £15. A decision on whether to

increase the actual fine will be made during the setting of fees & charges for 2013/14.

14. A new fee is being proposed in 2012/13, namely that the service charges a hire fee for language courses for the first time, which until now were loaned at no cost. This fee will be £1 for three weeks, which will bring the service in line with other boroughs.
15. The other area where some changes are being proposed is with regards to stock requests. These have historically not been set at levels sufficient to recover the actual cost of the service. The standard stock request fee of 50p remains unchanged, but the basic fee for non-stock items is being increased by 50% from £2 to £3 per item, and a new separate charge of a further £10 per item is being introduced for loans from the British library, specialised and academic libraries, and loans from abroad, as these loans are at great cost to the service. It must be noted that the member of the public putting in the stock request will be asked whether they want the request to go ahead and are prepared to pay this cost before the request will be actioned. These new fees will bring Southwark in line with the London Requests Scheme. The council will join this scheme in 2012.
16. It is the considered opinion of the library service that it will be counter productive to increase all fees of the service across the board in 2012/13. This opinion is based on the benchmarking information contained in appendix 3, as well as a conviction that the public will react negatively to any further increases in certain categories, which will result in the acceleration of the long term decline in income derived from fees.

**Proposed fees for room and space hire at the new Canada Water library including 2011/12**

17. The new Canada Water library opened its doors to the public on Monday 28 November 2011. Standard fees applying to all libraries in the borough (see appendix 1) will also apply to this library. However, the Albany, a theatre based in Deptford has been awarded a contract with an income target of £50k to manage the library's culture space as well as the hiring of meeting and learning rooms. The proposed fees for these spaces are reflected in appendix 2. It is suggested that the fees shown in appendix 2 are to be advertised to the public as introductory prices covering the period from 28 November 2011 to 30 June 2012 in order for officers in conjunction with the Albany to determine whether these prices are at a realistic level. Factors such as demand levels and public feedback will be taken into consideration. This means that a further culture space and room hire fees and charges report will be submitted for approval during June 2012 which will cover the period 1 July 2012 to 31 March 2013.

**Resource implications**

18. Table 1 shows the budgets and projected out turn for 2011/12 and anticipated income levels for 2012/13.

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

<b>Business Unit</b>	<b>2011/12 Budget</b>	<b>2011/12 Projected</b>	<b>2012/13 Budget</b>	<b>2012/13 Projected</b>	<b>Increase in</b>
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	(excl Canada Water) £	Out turn (excl Canada Water) £	£	income £	Actual income %
- Libraries	300,944	290,000	510,944	510,944	N/A

### Budget assumptions and implications

19. The reason for the sharp increase in anticipated income between 2011/12 and 2012/13 is the inclusion of the Canada Water library income target of £210k for the first time in the 2012/13 figures. As 2012/13 is the first year that Canada Water will be open and fully functioning for a full year, there is a degree of uncertainty as to whether the Library service will be able to achieve the overall £511k target. For the fees and income concerning the libraries other than Canada Water, it is expected that income will remain at levels similar to those being forecasted for 2011/12, with a £10k boost to income coming from the increases in fees detailed in paragraphs 11 to 17. It is hoped that this will assist in bringing actual income in line with the target.
20. 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. The library service is proposing not to increase about half of the 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 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.

### Staffing implications

21. None

### Community impact statement

22. 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 3). 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

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**

### **Finance Director (NR0112)**

24. This report recommends that the cabinet member for culture, leisure sports and the Olympics agrees the proposed non-statutory fees and charges for 2012/13, with effect from 1 April 2012 and notes the indicative non-statutory fees and charges for 2013/14 and 2014/15.
25. The report states that it is expected that income will remain at levels similar to those being forecasted for 2011/12, with a £10k boost to income coming from the increases in fees. However this will not generate an additional income budget in 2012/13 as this increase is required to bring actual income in line with the current budget.

### **Director of Communities, Law & Governance (SB0112)**

26. 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 2012 if approved.
27. 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.
28. 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.
29. 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.
30. 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.
31. 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, 24th edition, 2011	CLLL Finance 3rd Floor Hub 2 160 Tooley St PO Box 64529 London SE1 5LX	Deon Kritzingler, CLLL divisional accountant 0207 525 3754

## APPENDICES

No.	Title
1	Detail of proposed library service fees 2012/13 to 2014/15
2	Detail of proposed Canada Water culture space and room hire charges 2011/12 to 2014/15
3	Library service fees benchmarking information 2011/12

## AUDIT TRAIL

<b>Lead Officer</b>	Gill Davies, Strategic Director Environment & Leisure	
<b>Report Author</b>	Adrian Whittle, Head of Culture Libraries Learning and Leisure	
<b>Version</b>	Final	
<b>Dated</b>	7 March 2012	
<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 Team</b>		9 February 2012