

<b>Item No.</b>	<b>Classification</b> Open	<b>Date:</b> 23 January 2013	<b>Meeting Name:</b> Cabinet Member for Culture, Leisure, Sport and Olympic Legacy
<b>Report title:</b>		Fees and Charges for Libraries, Arts and Heritage Services for 2013/14	
<b>Ward(s) or groups affected:</b>		All	
<b>From:</b>		Strategic Director of Environment & Leisure	

### **RECOMMENDATION**

1. That the Cabinet Member for Culture, Leisure, Sport and Olympic Legacy agrees the proposed non-statutory fees and charges for 2013/14 as set out in Appendices 1 – 5 with effect from 1 April 2013.

### **BACKGROUND INFORMATION**

2. This report sets out proposals for the fees and charges to be set for the Libraries and also Kingswood House for 2013/14.
3. The medium term resources strategy (MTRS) 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 details the total income expected to be generated from non-statutory fees and charges during 2013/14. A full list of non-statutory fees & charges to be approved are shown in appendices 1, 2 and 3.
  10. It is proposed that because of the adverse economic conditions current in the greater UK economy that the overall approach is try to keep the fees and charges unchanged as far as possible. Where there are changes the reasons for the increases or decreases are explained below.

### **Proposed Fees for 2013/14 for Libraries**

#### **Main fee recommendations for the Local History Library**

11. After a comprehensive review and radical overhaul of the Local History Library and Archive's (LHLA's) fees and charges structure in 2011/12, the focus now is on streamlining and optimising these so that it is as easy as possible for staff to administer and try to reflect the following basic principles:
  - The proposed fees and charges reflect the going sector rate and benchmarking has been done to ascertain the most appropriate match with the archive sector. The fees for the Local History Library and Archive compare favourably to other southeast London boroughs.
  - Commercial charges in particular have risen considerably as archives and similar organisations have become more aware of the true cost of providing material for commercial use.
  - Proposed fee increases are designed not to impact on local users however fees for commercial companies need to rise to be more realistic and comparable with others in the archive sector. The proposed fees are still appropriate to the market whereas for many years LHLA's fees were substantially below market rates.
  - The proposal is that the LHLA manager retains flexibility and discretion over most of the fees in order to best serve the local community of users. It is intended that setting a new and more viable rate for commercial non-local users permits more discretion at local level.
  - Rates are designed to reflect what commercial users now expect to pay. The

proposed increases reflect the need reduce the gap between the old rates and new market rates in the media and archive sectors. The proposed fees were researched using feedback from commercial users and thus the fee structure has been streamlined to reflect the expectations and needs of this user base.

- In recent years the LHLA has seen a significant rise in commercial media requests for the use of material and to host filming and research and the proposed fees both reflect this rise in demand and the subsequent increase in resourcing, such as staff time, needed to support it.
  - Income generation is a key part of LHLA's responsibilities and setting the most appropriate up to date fees is part of this responsibility.
12. Generally speaking most of the fees and charges remain unchanged as indicated however there are a few items that are higher or lower than the previous year. Please see Appendix 2.
13. After a recent equipment upgrade, having differential fees between "regular" and laser photocopying has been eliminated. Both machines are now laser multifunctional devices. To reflect this change, fees for black-and-white photocopies have been adjusted to be marginally higher than the previous "regular" black-and-white copies but substantially lower than the previous laser copy fees.

#### **Libraries fees and charges - recommendations for 2013/14 for all relevant Libraries**

14. The Council has made a concerted effort where possible to keep most of the fees and charges unchanged for Southwark Libraries. Please refer to Appendix 1 for details, but it is worth highlighting the following items:

##### **CDs**

15. The current charge is £0.80 for a one week loan but it is recommended to charge from 1 April 2013 is £0.40 for a one week loan.
16. The current performance of CDs in terms of the numbers borrowed is on a strong downward trend and they are the one area of stock in Southwark Libraries that are in decline. This reflects a national decline in CD sales and rentals as downloading of music is mainstream. For the first 10 months of 2012 CD rentals in Southwark have dropped 18.9% compared to the same period in 2011 (20,027 compared to 24,702). In the light of this trend, it is recommended that Southwark libraries reduce the rental price to 40p per week to try to boost interest in the remaining stock and maximize potential for income.

##### **Blu-ray discs**

17. The current charge is £3.50 for a one week loan on all titles. It is recommended to maintain the £3.50 charge from 1 April 2013 for a one week loan on all new titles and to introduce a new lower charge for older titles at £1.50 for a one week loan.
18. Blu-ray performance is up 60.7% for the first 10 months of 2012 compared to the same period in 2011 (1,302 compared to 810). This is due in large part to the success of the format at Canada Water Library which opened on 28 November

2011. Although new titles issue satisfactorily, older and more niche titles do not issue so well. Therefore it is recommended that the current £3.50 rental price is kept for new titles and that we introduce a new lower charge for older titles to encourage borrowing. A charge of £1.50 for older titles would be consistent with the current pricing policy used for DVDs (£3 for new titles, £1 for older titles). Blu-ray would therefore be 50p more in each of the categories – reflecting the higher cost of the items to supply and the higher quality of the item for the customer.

### **PS3 games and Wii games**

19. The current charge is £3.50 for a one week loan on all titles – it is recommended that no change is made to this fee from 1 April 2013.
20. Computer game performance is up 291.1% for the first 10 months of 2012 compared to the same period in 2011 (970 compared to 248). This is due in large part to the success of PS3 games and Wii games at Canada Water Library which opened on 28 November 2011. With a strong performance in issues and the high cost of the items to us it is recommended that we maintain the £3.50 rental charge for all titles.

### **DVDs**

21. The current charge is £3.00 for a one week loan on new titles; £1.00 for a one week loan on older titles. It is recommended that no changes are made to these fees from 1 April 2013.
22. Against a national picture of declining sales and declining physical loans DVD borrowing in Southwark Libraries increased by 2.6% for the first 10 months of 2012 compared to the same period in 2011 (84,352 compared to 82,211). Borrowing of the higher priced £3 DVDs increased significantly – 14,843 loans compared to 6,588 loans which is an increase of 125.3%. Based on the current performance it is recommended that we maintain the two rental charges of £3 and £1.

### **Language courses**

23. The current charge is £1.00 for a three week loan. It is recommended that no change is made to this fee from 1 April 2013.
24. Language course issues are up 34.2% for the first 10 months of 2012 compared to the same period in 2011 (4,028 compared to 3,002). A £1 rental charge was introduced in April 2012 and a direct comparison between the period when the charge was introduced compared to the same period a year before when the items were free to borrow still shows an increase of 11.7% (2,296 compared to 2,055). Recommendation is that the £1 charge is maintained from 1 April 2013.

### **Benchmarking of Fees**

25. 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. Appendixes 4 and 5 sets out the results of the benchmarking exercise for 2012/13. 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 compared favourably to these boroughs.

### **Canada Water Library Fees**

26. The Canada Water Library opened its doors to the public in November 2011. Standard fees applying to all libraries in the borough 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 set by the Albany group themselves. It should be noted that all rates for the Culture Space will remain unchanged for next year, but there will be some increases on the individual meeting room rates charged by the hour. These are not considered to be significant.

### **Proposed room and conference fees for Kingswood House**

27. For Kingswood House the main income stream is from hire of rooms for conferences, as offices and for other events & ceremonies. It is proposed to keep all Kingswood House fees the same as the previous year because of the adverse economic conditions still prevalent (detailed in Appendix 3). 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. 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**

28. Table 1 shows the budgets and anticipated income levels for 2013/14. The fees and income for libraries for 2013/14 are proposed to remain at level similar to those budgeted and forecasted for 2012/13 at £527k and £70k for Kingswood House as stated earlier in the report. The benchmarking exercise has shown that the proposed fees and charges are generally comparable with neighbouring authorities. This will also support the local community in the current economic climate. Given that increasing certain of the fees and charges may lead to adverse revenue implications because volumes would most probably go down, 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.

Table 1 –Budget and Projected income figures

<b>Business Unit</b>	<b>2012/13 Budget £</b>	<b>2013/14 Budget £</b>
Libraries	526,550	526,550
Kingswood House	69,952	69,952

## **Staffing implications**

29. None

## **Community impact statement**

30. 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 appendices 4 and 5). 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, and the requirement to increase fees and charges year on year

## **Consultation / Notification of fee increases**

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

## **SUPPLEMENTARY ADVICE FROM OTHER OFFICERS**

### **Director of Legal Services (SB/11 Jan 2013)**

32. The Cabinet Member for Culture, Leisure, Sport and Olympic Legacy is recommended to approve the non-statutory fees and charges as outlined in this report. The recommendations will take effect on 1 April 2013 if approved.
33. 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 Director of Legal Services is not aware of any specific legislative provision which would prevent the Council relying on these powers to charge.
34. 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.
35. 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.
36. 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.
37. 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.

## Strategic Director of Finance & Corporate Services (ET/110113C)

38. This report recommends that the Cabinet Member for Culture, Leisure, Sport and Olympic Legacy agrees the proposed non-statutory fees and charges for 2013/14, with effect from 1 April 2013. The report states that it is expected that income will remain at levels similar to those being forecasted for 2012/13.

### BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
Fines and charges in public libraries in England and Wales, 24th edition	CLLL Finance 3rd Floor Hub 2 160 Tooley St PO Box 64529 London SE1 5LX	Evert Potgieter, CLLL divisional accountant 0207 525 5491

### APPENDICES

No.	Title
Appendix 1	Detail of proposed library service fees
Appendix 2	Detail of proposed local history library service fees
Appendix 3	Detail of Kingswood House fees
Appendix 4	Detail of benchmarking fees for Libraries
Appendix 5	Detail of benchmarking fees for the Local History Library

### AUDIT TRAIL

<b>Lead Officer</b>	Deborah Collins, Strategic Director of Environment & Leisure	
<b>Report Author</b>	Adrian Whittle, Head of Culture Libraries Learning and Leisure	
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<b>CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER</b>		
<b>Officer Title</b>	<b>Comments Sought</b>	<b>Comments included</b>
Director of Legal Services	Yes	Yes
Strategic Director of Finance and Resources	Yes	Yes
<b>Cabinet Member</b>	Yes	Yes
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