

Item No.	Classification Open	Date: January 2014	Meeting Name: Cabinet Member for Culture, Leisure, Sport and Volunteering
Report title:		Fees and Charges for Libraries, Arts and Heritage Services for 2014/15	
Ward(s) or groups affected:		All	
From:		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 2014/15 with effect from 1 April 2014.

BACKGROUND INFORMATION

2. This report sets out proposals for the fees and charges to be set for the Libraries and also for Kingswood House for 2014/15.
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:
 - a. Fixed – where the level of charges is set by statute and the authority has no discretion.

- b. Capped - where a maximum level is set, generally by statute and so charges cannot be set above this level, or
 - c. 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 2014/15. A full list of non-statutory fees & charges to be approved are shown in Appendices 1, 2 and 3. It is proposed that because of the adverse economic conditions that the overall approach is to keep the fees and charges unchanged as far as possible.

Table 1 Projected income figures

Business Unit	2013/14	2014/15
	£	£
Libraries	527,000	527,000
Kingswood House	70,000	70,000

Proposed Fees and Charges for 2013/14 for Libraries

10. 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. Key items to note are as follows:

CDs

11. The current charge is £0.40 for a one week loan. It is recommended that the £0.40 rental charge is left unchanged for 2014/15. The introduction of the £0.40 loan charge for CDs has had a very positive effect on issues – reversing an accelerating decline of -18.9% the previous year into a 9.3% increase this year (January to November 2013 issues = 21,889 compared to issues for the same period in 2012 of 20,023. This is bucking the national trend of rapid decline in CD sales and rentals.

Blu-ray discs

12. 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 2014 for a one week loan on all new titles and to retain the lower charge for older titles at £1.50 for a one week loan.

13. Blu-ray performance is up again this year with the first 11 months of 2013 showing a 27.2% increase on the same period in 2012. The introduction of premium and standard charges has helped to boost issues and the recommendation is that the rental charges of £3.50 and £1.50 remain the same for 2014/15.

PS3 games and Wii games

14. The current charge is £3.50 for a one week loan on all titles – it is recommended that a lower charge for older titles of £1.50 is introduced from 1 April 2014.
15. Computer games have suffered a drop of 30.9% in issues during the first 11 months of 2013 compared to the same period in 2012. A number of factors have contributed to this: 1) theft /non-return of new games resulting in smaller and less attractive collections. Control of this stock and its security have been reviewed to introduce more robust procedures. 2) supply problems earlier in the year which resulted in long delays for key new titles 3) PS3 and Wii consoles are both now in the end stages of their lives and the sales and rentals of PS3/Wii games is beginning to suffer nationally as a result. The cost and theft risk associated with new PS4 or Xbox One titles does not currently justify the launching of new collections and we are not proposing to do so in future. In order to maximise rentals/ income from remaining stock it is recommended that a lower rental rate of £1.50 is introduced for older games titles.

DVDs

16. 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 the higher charge is reduced to £2.50 from 1 April 2014 and that the £1.00 charge for older titles is kept the same.
17. Despite bucking the trend the previous year the national picture of declining sales and declining physical loans for DVDs is now reflected in this year's figures for Southwark. For the first 11 months of 2013 DVD rentals were down 19.8% compared to the same period in 2012. The top DVD rental rates of nearby authorities such as Greenwich, Lambeth and Lewisham vary between £2, £2.50 and £3 respectively. It is recommended that we introduce the price of £2.50 to make an attractive offer that can compete effectively with the rise in online rentals.

Language courses

18. 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.
19. Language course issues are down 33.5% for the first 11 months of 2013 compared to the same period in 2012. Initially the introduction of a £1 charge had little impact on borrowing but this year there has been a marked decrease in issues. Recommendation is that the £1 charge is maintained from 1 April 2014 with a review of the charge in 2015 if the decline in issues continues.

Benchmarking of Fees

20. 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 2013/14. 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.

Main fee recommendations for the Local History Library

21. 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. 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 Archives are comparable to other southeast London boroughs.

Proposed room and conference fees for Kingswood House

22. The main income stream at Kingswood House is from hire of rooms for conferences. It is proposed to keep all of the 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 comparable with other premises offering function rooms for hire. With regard to access to the space by community groups that contribute to the surrounding area, the service manager has the discretion to provide facilities in the House free of charge

Resource implications

23. The fees and charges for libraries are expected to be on budget for 2013/14, with a total income of £527k. This report proposes no changes to fee levels in 2014/15 with the exception of new title DVDs. The reduction in DVD charge from £3 to £2.50 per week is expected to result in a demand increase, thereby maximising income.
24. The fees for hire of Kingswood House are expected to generate income of £70k in 2013/14. This report proposes no change to these fees in 2014/15.

Staffing implications

25. None.

Community impact statement

26. Officers have been mindful of the need to satisfy the Public Sector Equality Duty imposed by the Equality Act 2010. This requires the council to have due regard to take steps to meet the needs of those persons having a protected characteristic under the Act, and to ensure that such persons are able to access services.

27. One of the key considerations in identifying the proposed fees and charges was price sensitivity and the impact that price increases may have upon customers ability to pay as well as upon the take up of library services. The recommendation to keep most of the fees and charges unchanged will benefit all sections of the community and therefore there will be no adverse equalities impact.

Consultation / Notification of fee increases

28. 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/16122013)

29. 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 2014 if approved.
30. 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.
31. 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.
32. 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.
33. 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.
34. 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.
35. The report confirms that there is no legal duty to undertake consultation on the proposed fees and charges but that appropriate notification will be given. Officers should ensure that all forms of notification explain how and to whom any complaints or queries should be made.

Strategic Director of Finance & Corporate Services (E&L/13/043)

36. This report recommends that the cabinet member for culture, leisure, sport and Olympic legacy agrees the proposed non-statutory fees and charges for 2014/15, with effect from 1 April 2014. The financial implications are detailed in paragraphs 25 to 27.

37. The strategic director of finance and corporate services notes the level of fees and charges proposed for 2014/15 and the resource implications within the report. These charges will be included in the draft budget being presented to council assembly on 26 February 2014 and will be monitored throughout the year. In the event that expenditure or income levels change, the service will need to contain costs within budget or identify alternative sources of funding,
38. Officer time to effect the recommendations will be contained within existing budgeted revenue resources.

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
None		

APPENDICES

No.	Title
Appendix 1	Detail of proposed library service fees and charges 2014 / 15
Appendix 2	Detail of proposed local history library service fees 2014 / 15
Appendix 3	Detail of proposed Kingswood House fees and charges 2014 / 15
Appendix 4	Detail of benchmarking information for Libraries fees based on 2013/14 fees and charges
Appendix 5	Detail of benchmarking fees for the Local History Library based on 2013 / 14 fees

AUDIT TRAIL

Lead Officer	Deborah Collins, Strategic Director Environment & Leisure	
Report Author	Adrian Whittle, Head of Culture Libraries Learning and Leisure	
Version	Final	
Dated	January 2014	
Key Decision?	Yes	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER		
Officer Title	Comments Sought	Comments Included
Director of Legal Services	Yes	Yes
Strategic Director of Finance and Resources	Yes	Yes
Cabinet Member	Yes	Yes
Date final report sent to Constitutional Team		22 January 2014