

<b>Item No.</b>	<b>Classification</b> Open	<b>Date:</b> 18 February 2015	<b>Decision Taker:</b> Cabinet Member for Adult Care, Arts and Culture
<b>Report title:</b>		Film Service- Setting Fees and charges 2015/16	
<b>Ward(s) or groups affected:</b>		All	
<b>From:</b>		Chief Executive	

## RECOMMENDATION

That the Cabinet Member for Adult Care, Arts and Culture

1. Gives approval for the proposed non-statutory fees and charges for 2015/16, with an implementation date of 1 April 2015.

## BACKGROUND INFORMATION

2. This report sets out proposals for the fees and charges to be set for the outsourced film service for 2015/16.
3. The Medium Term Resources Strategy (MTRS) and the corporate income policy requires the council:
  - To maximise its income generation by seeking income streams in line with council policies and priorities.
  - To increase discretionary fees and charges 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.
  - To increase all fees and charges capped by statute 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 two types, namely mandatory (where the authority must charge) and discretionary (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
  - 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 must be reviewed annually and will be considered within the context of the overall budget position.
8. In arriving at the proposed fees and charges 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). The cost of service provision is another factor which is taken into account. 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.
9. The current film contract came in to effect from 1 February 2015. Following the tendering process FilmFixer, the council's existing service provider, was successful in retaining the contract. The previous contract included a monthly management fee of £75k payable to FilmFixer. The new contract does not include this management fee and instead will be based upon the council and FilmFixer sharing all income after disbursements have been deducted. The level of income to be derived from the contract will depend upon the number of filming days in any one year, and so it is not possible to predict levels of income with any great accuracy. However, it is not expected that there will be a significant reduction in the number of filming days in the foreseeable future and it is estimated that additional income can be generated by the council using the current fee structure.
10. The introduction of the new contract has been used as an opportunity to review the filming fees structure in order to put in place a new fees structure which will be simpler and easier to understand than the previous one. The fees proposed in Appendix 1 cannot therefore be directly compared with the level of fees in 2014/15.
11. Table 1 (see paragraph 20) details the total income expected to be generated from non-statutory fees and charges. A full list of non-statutory fees and charges to be approved are shown in Appendix 1. There are no statutory fees and charges within the film service.

## **PROPOSED FEES FOR 2015/16**

12. Southwark is an important location for the film industry. The borough currently

attracts over 900 filming days per annum and is the second most filmed borough in London after Westminster

13. Southwark Council has signed up to Film London's 'London Partnership Agreement' and has agreed to abide by its protocols which include the following points:
  - A borough's film service shall be a one stop shop service
  - All charges, deadline and protocols should be set out clearly on the authority's website
  - The borough film officer should collect data about film activity in the borough to be shared with Film London
  - The charges for the service 'Film Service Charge' should not exceed the cost of running the service
  - Fees for the letting of council-owned properties are not included in the Film Service Charge
  - Low budget, student or charity films should not be charged
  - Charges cannot be levied for filming on the street but can be levied for issuing licences for 'temporary structures' such as camera track.
14. Southwark Film Service has relied on input from its film contractor FilmFixer for determining proposed fees for 2015/16. FilmFixer (formerly Muso Ltd) has been overseeing filming in the borough since 2005, works closely with Film London on film issues, and is also the film contractor for LB Lewisham, Camden, Lambeth and Islington among others. FilmFixer is therefore extremely well placed to advise on the setting of competitive fees for filming in Southwark.
15. In arriving at the fees proposed for 2015/16 a number of factors had to be considered. These factors include the Film London partnership agreement (see paragraph 13). In addition, fees have to be seen as fair by film makers in order to continue to attract new business and maintain the borough's position as one of the most popular filming locations in London.
16. As outlined in paragraph 10, a new fees structure has been recommended to be introduced with the new contract for 2015/16 and it is therefore not possible to directly compare fee levels with 2014/15,
17. The administration fee for parking has not been increased as this is set by the Parking Team.
18. The permission for temporary structures fee has not been increased as it was increased significantly in the previous year to bring it into line with the appropriate London average.
19. Some benchmarking has taken place to ensure our fees and charges remain competitive, allowing us to maximise revenue.

### **Resource Implications**

20. The table below shows the budget and projected outturn for 2014/15 and the anticipated income levels for 2015/16 arising from the proposed fees and charges increases.

Income area	2014/15 Budget £	2014/15 Forecast Outturn £	2015/16 Anticipated Income £	Average increase in Income %
Film service	175,975	212,014	234,000	10.4%

21. Film income accrues very irregularly, which makes forecasting difficult.
22. There are no staffing implications to be considered.

### **Community Impact Statement**

23. 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 and the take-up of services. In addition, no fees are charged for students, charities and low budget films. This needs to be balanced with the council's MTRS, as outlined in paragraph 3, and the requirement to increase fees and charges year on year.
24. Equality analysis demonstrates that the policy shows no potential for discrimination and we have taken all appropriate opportunities to advance equality of opportunity and foster good relations between people with different protected characteristics.
25. Furthermore, the equality analysis demonstrates that by retaining a flexible approach to fees and charges the service has the ability to support organisations and individuals as necessary.

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

26. Consultation is not required on the fees and charges for the film service. However, formal notification of price increases is required. Once approved, notification of fee increases will be published through the appropriate channels.

### **SUPPLEMENTARY ADVICE FROM OTHER OFFICERS**

#### **Director of Legal Services**

27. The Cabinet Member for Adult Care, Arts and Culture is asked to approve the proposed non-statutory fees and charges related to the outsourced film service, as outlined in this report.
28. 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.
29. 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.

30. 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.
31. 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.

#### **Strategic Director of Finance and Corporate Services (CED/MD/14/50)**

32. It is noted that the proposed increases in fees and charges for 2015/16 are in accordance with the MTRS. A new charging structure is being introduced with the new film contract which is expected to increase the income to the council.

#### **BACKGROUND DOCUMENTS**

<b>Background Papers</b>	<b>Held At</b>	<b>Contact</b>
Film services contract 2015 to 18 between Southwark Council and FilmFixer	Chief Executive's Department 160 Tooley Street SE1 2QH	Paul Cowell 020 7525 0857
Equality analysis (4 February 2015)		

#### **APPENDICES**

<b>No.</b>	<b>Title</b>
Appendix 1	Detail of proposed Film service fees 2015/16 to 2017/18

#### **AUDIT TRAIL**

<b>Lead Officer</b>	Eleanor Kelly, Chief Executive	
<b>Report Author</b>	Paul Cowell, Events and Film Manager	
<b>Version</b>	Final	
<b>Dated</b>	17 February 2015	
<b>Key Decision?</b>	No	
<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 Corporate Services	Yes	Yes
<b>Cabinet Member</b>	Yes	Yes
<b>Date final report sent to Constitutional Team</b>	18 February 2015	