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| Item No. | Classification Open | Date: December 2009 | Meeting Name: Executive Member for Culture, Leisure and Sports |
| Report title: | | Fees and Charges within the Library Service 2010/11 | |
| Ward(s) or groups affected: | | All | |
| From: | | Strategic Director of Environment & Housing | |

RECOMMENDATIONS

1. That the proposed non-statutory fees and charges for 2010/11 be agreed with an implementation date of April 1, 2010.
2. That the Executive Member agrees the indicative non-statutory fees and charges for 2011/12 and 2012/13.
3. That the Executive Member notes the information contained within this report on the agreed 2009/10 non-statutory fees and charges and the projected out turn position.

BACKGROUND INFORMATION

4. This report sets out proposals for the fees and charges to be set for Libraries for 2010/11 and indicative charges for 2011/12 and 2012/13.
5. The Medium Term Resources Strategy (MTRS) 2009/10 – 2011/12 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.
6. 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.
7. The Council's constitution requires that all fees and charges increases are agreed by the relevant Executive Member through an Individual Decision Making (IDM) report. An IDM report is also required where no increase or a reduction in fees and charges is proposed.

KEY ISSUES FOR CONSIDERATION

8. Fees and charges are those charges where there is a schedule of rates for services provided. There are various types namely mandatory and discretionary ie. 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
9. Where the Authority has a choice about charging, any decision not to charge must be agreed by the relevant Executive Member. This will be reviewed annually and will be considered within the context of the overall budget position.
10. 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 ie. 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.
11. Table 1 (see paragraph sixteen) 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.
12. For the reasons set out in paragraphs thirteen to fifteen, it is proposed to not increase Library fees for 2010/11, with the exception of Late charges and Replacement library card charges. Benchmarking information for 2009/10 suggests that Southwark's fees for these two charges are lower than the average for comparable London boroughs.

Division / Business Unit

Service Area / Income Stream

13. Since 2007/08, Fees and charges have been benchmarked using the publication by Sheffield University – SINTO: Fees and charges in Public Libraries in England and Wales. Appendix 2 sets out the results of the benchmarking exercise for 2009/10. 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. The exercise shows that Southwark's fees compare favourably to these boroughs in most categories. However, our Replacement library card fee for 2009/10 is the lowest of the seven boroughs, whilst our Late fines charge is the second lowest.

14. It is therefore proposed that the fee for Replacement library cards be increased from 50p to £2.00 to better reflect actual costs of these cards, and that Late fines be increased from 15p per day (maximum £6.00) to 20p per day (maximum £6.00). In both cases this increase will bring Southwark Libraries in line with the average fees charged by SELPIG boroughs, and will thus satisfy the requirements of the MTRS. The impact of these increases on total income are discussed in paragraph 17.
15. It is believed to be counter productive to increase the fees relating to CD hire charges and stock requests for the following reasons:
- (a) The CD market is declining as new music formats become more popular and libraries are trying to retain interest in the CD collections and maximise income whilst this format is still widely used and available. Therefore any increase in charges at this stage could further reduce the public's take up of CD's and their incentive to continue to hire them.
 - (b) The fee for reserving items should be reasonable within the framework of the 1964 Act and not prevent the public from accessing the wider resources of the public library inter lending scheme. The current charge is deemed to be reasonable when benchmarked with other authorities and although it does not cover the actual administrative costs of obtaining items from the British Library and other authorities, it does make some contribution towards it and should not be a deterrent to the public making use of the service.

Resource implications

16. Table 1 shows the budgets and projected out turn for 2009/2010 and the anticipated income levels for 2010/2011 arising from the proposed fees and charges increases and other factors.

Table 1 – Libraries budget and actual income figures

| Division | 2009/2010 Budget £ | 2009/2010 Projected Out turn £ | 2010/2011 Budget £ | 2010/2011 Projected income £ | Increase in Actual income % |
|-----------------|-----------------------------------|---|-----------------------------------|---|--|
| - Libraries | 399,785 | 255,000 | 399,785 | 297,000 | 16% |

17. Budget assumptions and implications
- It is forecasted that total Library Service income will increase by £42 000 from £255 000 in 2009/10 to £297 000 in 2010/11. This due to two factors, namely a £15 000 recovery in income due to the re-opening of John Harvard Library, and an additional expected £27 000 due to the increase in fees proposed in this report. The remaining gap of £103 000 between budget target (£399 785) and forecasted actual income (£297 000) for 2010/11 was requested in the form of a commitment during the 2010/11 budget process.

Community Impact Statement

18. 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. This was supported by comparing prices with neighbouring authorities and other institutions providing similar services. However, this flexibility is limited to only where Southwark has discretion over the level of fees set. In addition, the Library Service makes available concessions and discounts for community groups, young, elderly and for those on means tested benefits. Obviously this needs to be balanced with the Council's MTRS, as outlined in paragraph five and the requirement to increase fees and charges year on year.

Consultation / Notification of fee increases

19. 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

Director of Communities, Law & Governance (SB122009)

20. The Executive Member for Culture, Leisure and Sports is recommended to approve the 2010/11 non-statutory fees and charges as outlined in this report. The recommendations will take effect on 1 April 2010 if approved.
21. The approval of the fees and charges sought in this report is a matter reserved to the Executive Member for individual decision making in accordance with Part 3D paragraph 3 of the Council's constitution.
22. The proposed increases are intended to be consistent with the MTRS and will apply to the existing non-statutory fees and charges.

Finance Director (CD12009)

23. This report seeks authority for approving the fees to be charged by Culture, Libraries, Learning & Leisure (CLLL) Division for Libraries in 2010/2011. It is only concerned with fees and charges where the Council has discretion about the level to be charged.
24. Currently the 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. CLLL are proposing to not increase the majority of library fees and charges for 2010/11 due to the shortfall that is currently forecast for 2009/10 budgeted income. As outlined in the body of this report, increases are proposed for the Replacement Library Card charge and the Late fine charge from 2010/11 onwards in order to bring the charges in line with other comparable London boroughs. Based on the benchmarking information provided and considering that increasing the majority of Libraries fees and charges may lead to adverse revenue implications. This proposal is in line with the MTRS.

BACKGROUND DOCUMENTS

| Background Papers | Held At | Contact |
|---|---|---|
| Culture, Libraries, Learning & Leisure Division Budget working papers | CLLL Finance 3rd Floor Hub 2 160 Tooley St PO Box 64529 London SE1 5LX | Deon Kritzinger, CLLL Divisional Accountant Tel: 0207 525 3754 |

APPENDICES

| No. | Title |
|-----|--|
| 1 | Detail of proposed Library Service fees 2010/11 to 2012/13 |
| 2 | Library Service fees benchmarking information |

AUDIT TRAIL

| | | |
|---|--|--------------------------|
| Lead Officer | Gill Davies, Strategic Director of Environment & Housing | |
| Report Author | Adrian Whittle, Head of Culture Libraries Learning and Leisure | |
| Version | Final | |
| Dated | December 2009 | |
| Key Decision? | Yes | |
| CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / EXECUTIVE MEMBER | | |
| Officer Title | Comments Sought | Comments included |
| Strategic Director of Communities, Law & Governance | Yes | Yes |
| Finance Director | Yes | Yes |
| Executive Member | Yes | Yes |
| Date final report sent to Constitutional Support Officer | | |