

REPORT TO CABINET

REPORT OF: RESOURCES AND ASSETS PORTFOLIO HOLDER

REPORT NO: CHFCS100

DATE: 10th May 2010

TITLE:	Supplementary Estimate to the Budget Framework 2010/11	
KEY DECISION OR POLICY FRAMEWORK PROPOSAL:	Budget Policy Framework Proposal	
PORTFOLIO HOLDER: NAME AND DESIGNATION:	Cllr Mike Taylor Resources and Assets Portfolio Holder	
CONTACT OFFICER:	Richard Wyles Tel: 01476 406210 Email: r.wyles@southkesteven.gov.uk	
INITIAL IMPACT ASSESSMENT:	Carried out and Referred to in paragraph (7) below:	Full impact assessment Required:
Equality and Diversity		
FREEDOM OF INFORMATION ACT:	This report is publicly available via the Local Democracy link on the Council's website: www.southkesteven.gov.uk	
BACKGROUND PAPERS		

1. RECOMMENDATION

Cabinet is asked to provide guidance on the most appropriate use of the one-off backdated VAT refund of £777,411.05. The specific details of the proposals to be presented to Cabinet at the meeting on 7 June 2010.

2. PURPOSE OF THE REPORT/DECISION REQUIRED

The Council has received a notification regarding a one-off financial sum in respect of a VAT claim that has been received following its budget setting meeting for 2010/11 on 1st March 2010. This report provides further details of the notification and seeks clarification on its proposed use.

3. DETAILS OF REPORT (SUMMARY – USE APPENDICES FOR DETAILED INFORMATION)

The Council has been working with its VAT specialists in the compilation of a claim with Her Majesty's Revenue and Customs in relation to a back dated one-off claim in respect of Council services where the VAT treatment has changed in previous years. This review has been undertaken following the Fleming VAT case where it was upheld that overpaid VAT could be claimed in excess of a three year period. This has been a particularly successful claim and has resulted in the Council recently being notified of a significant refund back to the Council of £433,164.21 and interest of £344,246.84 totalling £777,411.05.

It is important to recognise that this claim is of a one-off nature and cannot be used to financially support on-going revenue costs but rather should be used in respect of specific one-off initiatives. There are further opportunities to utilise the amount in respect of contributing to Council reserves, either capital or revenue, in order to assist with financing decisions and support the delivery of the Council priority actions.

Cabinet is asked to give consideration to the most appropriate use of the one-off amount received and to provide guidance to officers on potential projects and spending initiatives. The proposals put forward will be reviewed and brought back to the Cabinet meeting on 7 June 2010 for consideration prior to a recommendation to Council.

4. OTHER OPTIONS CONSIDERED

Not applicable.

5. RESOURCE IMPLICATIONS

The resource issues are detailed in the report.

6. RISK AND MITIGATION (INCLUDING HEALTH AND SAFETY AND DATA QUALITY)

There are no risks identified in the report.

7. ISSUES ARISING FROM EQUALITY IMPACT ASSESSMENT

Not applicable.

8. CRIME AND DISORDER IMPLICATIONS

Not applicable.

9. COMMENTS OF SECTION 151 OFFICER

My comments are included in the report.

10. COMMENTS OF MONITORING OFFICER

All the proposals in this report change the budget set in March. Any change to the budget requires the approval of Council as a supplementary estimate.

11. COMMENTS OF OTHER RELEVANT SERVICE MANAGER

Not applicable.

12. APPENDICES: None