

Taunton Deane Borough Council

Council Meeting – 19 July 2011

Part I

To deal with written questions to and receive recommendations to the Council from the Executive.

(i) Councillor Vivienne Stock-Williams

Windfall Value Added Tax (VAT) Receipt

Some time ago, a national claim was made to HM Revenue and Customs on the basis that the United Kingdom had interpreted the European VAT Regulations incorrectly in respect of tuition fees at Leisure Centres.

The claim has recently been upheld and, as a result, overpaid VAT amounting to £577,364.23 (which includes interest) has been recovered.

This receipt is a one off receipt which has been accounted for in 2010/2011 and cannot be used in respect of ongoing budget issues.

It is therefore **recommended** that:-

the transfer of the one off receipt of £577,364.23 to the General Fund Reserves in 2010/2011 be approved.

(ii) Councillor Williams

2010/2011 Budget Outturn Report

The Executive received a detailed report on the outturn position of the Council on revenue and capital expenditure for the General Fund, Housing Revenue Account and trading services for 2010/2011 at its meeting on 21 June 2011.

A number of issues including the continuing economic climate and the recession in the United Kingdom, the Emergency Budget implemented by the new Coalition Government last year and the continued work on management and collection of debt and impairment of historic debt no longer considered collectable, have impacted on Taunton Deane's overall financial position.

Despite these challenges the Council has been in a position to improve the General Reserves position. There have also been significant items of 'good news' in the form of a VAT Refund windfall, cost efficiency savings arising from the continued roll out of Sort It Plus and surplus earmarked reserves which have been returned to General Reserves.

The following provides a summary of the 2010/2011 outturn and reserves position for both General Fund (GF) and Housing Revenue Account (HRA) services:-

- (1) The 2010/2011 Provisional GF Revenue Outturn is an underspend of £492,000 against the Final Budget for the year. The Final Budget includes a transfer to General Fund Reserves of £1,110,000 and, combined with the underspend for the year, the General Fund Reserves as at 31 March 2011 stands at £3,166,000 (subject to audit);
- (2) The 2010/2011 GF Capital Programme total expenditure for the year amounts to £4,884,000, which is £2,146,000 below the total budget for the year. Taking into account slippage of project expenditure of £2,179,000, the 'real' position is a small overspend of just £33,000;
- (3) The HRA Outturn for 2010/2011 has resulted in an overspend on final budget of £758,000. This is largely due to negative subsidy being much higher than Budgeted. The final budget includes a transfer from working balances of £296,000 and, combined with the overspend, the HRA Reserves position carried forward into 2011/2012 is a credit balance of £1,593,000 (subject to audit);
- (4) HRA Capital Programme total expenditure in 2010/2011 totals £6,653,000 relating largely to the Council's continued investment in maintaining the Decent Homes standard of the housing stock. This outturn results in an overspend against the HRA Capital Programme budget of £195,000, which has been funded from HRA Earmarked Capital Reserves.
- (5) The Deane DLO has reported an overall trading surplus of £74,895. The budgeted contribution of £73,500 has been made to the GF with the residual balance being transferred to the Trading Account Reserve which now stands at £570,000; and
- (6) The Deane Helpline has made a net deficit of £120,000 which is an overspend of £98,000 against the Final Budget. This was higher than previously anticipated largely due to support service recharges being above the original budget.

There are several matters which require the approval of Full Council to formally transfer or carry forward funding within the respective budgets.

It is therefore **recommended** that:-

- (i) the transfer of the net underspend on the General Fund Revenue Account to General Fund Reserves and the transfer of the net overspend on the Housing Revenue Account to HRA Working Balance Reserves be approved;
- (ii) the net transfer of £431,000 from earmarked reserves for use on General Fund services and capital financing and £956,000 from earmarked reserves for use on Housing Revenue Account services and capital financing, as set out in the detailed report to the Executive, be approved; and
- (iii) the Carry Forward of the General Fund Capital Programme Budget totalling £2,179,000 for slippage into 2011/2012, as set out in the detailed report to the Executive, be also approved.