

	
<b>Executive</b>	<b>30<sup>th</sup> November 2010</b>
Report of the Director of Customer & Business Support Services	

## **Review of Fees and Charges Following an Increase in the Standard Rate of VAT**

### **Summary**

1. The purpose of this report is to seek member approval to increase the council's fees and charges with effect from the 4<sup>th</sup> January 2011 due to the increase in the standard rate of VAT from that date.

### **Background**

2. In the 2010 emergency budget the Chancellor announced an increase in the standard rate of VAT from 17.5% to 20% effective from the 4<sup>th</sup> January 2011. Across the council a range of services operate fees and charges for services provided, some of which attract VAT at the above mentioned rate. Where necessary charges have been rounded to prevent problems with small change.

### **Consultation**

3. The determination of fees and charge levels is informed by the extensive consultation that is carried out as part of the development of the annual revenue budget.

### **Options and Analysis**

4. Following the introduction of the new rate of VAT the council has two options:
  - Option 1 – Increase all relevant fees and charges to reflect the increase in the rate of VAT. Whilst fees and charges would increase the overall level of income retained by the council would remain the same as all the increased income would be passed over to HMRC as VAT.
  - Option 2 – Leave fees and charges at their current rate. This would reduce the level of income to the council, as a greater proportion of the income collected would need to be passed over to HMRC as VAT. The total loss of income would be approximately £50k during the current financial year.

## Corporate Priorities

5. This report is consistent with ensuring the council remains an effective organisation by complying with HMRC regulations whilst minimising the loss of income to the council.

## Implications

6. All financial implications are outlined in the body of the report. There are no Human Resources, Equalities, Legal, Crime and Disorder, Information Technology, Property or other implications.

## Risk Management

7. There are no identified existing or potential risks associated with this report.

## Recommendations

8. Members are asked to approve option 1 and amend charges as shown in Annex A.

Reason: To ensure that the increase in VAT rate does not negatively impact council revenue.

## Contact Details

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	<b>Report Approved</b>	<i>tick</i>	<b>Date</b>	<i>Insert Date</i>
<b>Specialist Implications Officer(s)</b> None				
<b>Wards Affected:</b> <i>List wards or tick box to indicate all</i>				<b>All</b> <i>tick</i>
				<b>x</b>
For further information please contact the author of the report				

## Annexes

### Annex A - Schedule of revised charges