

**Committee:** Full Council

**Agenda Item**

**Date:** 18 February

**17**

**Title:** Museum VAT amendment

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Item for decision

Derek Caton, Technical Accountant, ext 381

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## Summary

1. Following advice from the council's external VAT consultant, a change is required to the treatment of income at the museum relating to school admission fees.

## Recommendations

2. That Council approves an amendment to the museum's charges from 1 April, to add VAT to charges for taught sessions for schools.

## Background Papers

3. Advice letter from Gordon Turner, Partner, LAVAT (VAT specialists)

## Impact

- 4.

Communication/Consultation	Schools will be advised when making bookings, along with advice that they can reclaim the charge
Community Safety	None
Equalities	None
Finance	The council will charge VAT on school visits
Health and Safety	None
Human Rights/Legal Implications	None
Sustainability	None
Ward-specific impacts	None
Workforce/Workplace	None

## Situation

5. The proposed land swap with regard the Heritage Quest Centre creates the potential for the council to incur significant VAT charges (in excess of £100,000) if certain amendments are not made to the treatment of VAT on museum income.
6. In order to remove the risk, the council's VAT consultant recommends that the museum service needs to change the VAT treatment of school visit income with effect from 1 April 2010.
7. This means the charge for school visits would rise from £2.50 per pupil to £2.94 per pupil, with the minimum charge rising from £40 to £47.
8. There would be no impact on local authority run schools in making this change as they can reclaim VAT in the same way a council can.

## Risk Analysis

9.

Risk	Likelihood	Impact	Mitigating actions
The council incurs a significant VAT bill	1 – if Council approves the amendment in this report	1 – The VAT charge will be avoided if the report is approved	Add VAT to the museum's charge for school visits, which local authority-run schools can then reclaim

1 = Little or no risk or impact

2 = Some risk or impact – action may be necessary.

3 = Significant risk or impact – action required

4 = Near certainty of risk occurring, catastrophic effect or failure of project.