

Title of Report	SPECIAL EXPENSES POLICY	
Presented by	Councillor Nicholas Rushton Corporate Portfolio Holder	
Background Papers	Coalville Special Expenses Working Party Draft Minutes - 15 June 2021	Public Report: Yes
	Corporate Scrutiny Draft Minutes – 1 September 2021	Key Decision: No
Financial Implications	Special Expenses do not bring any additional income to the Council as they are a means of redistributing who pays for an element of the council's costs. However, instead of being paid by all Council Taxpayers, the service is paid for only by those Council Tax payers in the are receiving specified	
	Signed off by the Section 151 Officer: Yes	
Legal Implications	Only certain functions are capable of being treated as special expenses and those functions need to be approved by Council. It is therefore important that it is clear which functions the Council has approved as being capable of being treated as special expenses. A policy assists in providing this clarity.	
	Signed off by the Monitoring Officer: Yes	
Staffing and Corporate Implications		
	Signed off by the Head of Paid Service: Yes	
Purpose of Report	For Cabinet to review the draft Special Expenses Policy and provide any amendments/comments before approval at Council.	
Reason for Decision	To enable the approval of the Special Expenses Policy.	
Recommendations	THAT CABINET RECOMMEND TO COUNCIL THE APPROVAL OF THE SPECIAL EXPENSES POLICY AS DETAILED IN APPENDIX B.	

1.0 BACKGROUND

- 1.1 Special Expenses were introduced at the Council to solve the problem of concurrent functions and avoid double taxation. The subject of concurrent functions and double taxation can be quite complex and is explained further in paragraph 2 of this report.

- 1.2 Special Expenses have been in place for several years at the council, however there is no policy in place. This has led to some confusion as to what can and cannot be treated as a special expense. It is also a requirement that Council approves each category of special expense, which the Council has previously done through the approval of the budget. A policy has been drafted to formalise the Council's current position on Special Expenses as this will help ensure that everybody is aware of what can be treated as Special Expenses and provides a clear mechanism for Council to approve the functions in conjunction with the annual budget report.

2.0 CONCURRENT FUNCTIONS

- 2.1 Concurrent functions are services provided in some parts of the district by the district or county council and in other areas by a parish council, where this occurs parish taxpayers may be charged twice. This occurs because parish councils will charge within their precept for the functions they carry out and where the function is being carried out by the District Council in non-parished areas, it will charge for those functions within its precept too. The parished areas will therefore pay both the parish council and the District Council, when only the parish council is carrying out the function in their area. Treating those as special expenses instead means that only those in unparished areas who get the benefit of the function pay the District Council for it, whilst parishes continue to pay their parish council, meaning nobody ends up paying twice.
- 2.2 The existence of concurrent services does not in itself mean that double taxation is occurring; this has to be determined through assessing the funding and financial arrangements. Concurrent functions can arise in wholly parished districts as well as partially parished ones. This is often historic, for example, due to functions or local facilities being transferred following the 1974 local government reorganisation.
- 2.3 Government guidance issued in May 2002 provided a list of examples of facilities/functions across the country that were being exercised concurrently, and hence may be the cause of double taxation. These are detailed in Appendix A. This should not be relied on a definitive list, the deciding factor is that the function must be carried out by the Billing Authority in only part of its district, and the same function must be carried out in another part of the district by one or more Parish/Town councils.

3.0 SPECIAL EXPENSES

- 3.1 This makes use of provisions under the Local Government Finance Act 1992 which provide for different amounts of council tax to be calculated for different parts e.g. parished and unparished areas, of the district, depending on what, if any, special items relate to those parts. A special item is an item which relates to only part of the district council's area. Where functions are provided in part of a billing authority's area by a parish council, sections 34 and 35(1)(a) of that Act ensure that only council taxpayers in that parish pay towards the cost of the precept issued by that parish council. A local precept is one 'special item'.
- 3.2 'Special Expenses' are another 'special item'. The five different types of special expense are listed in section 35(2). Section 35(2)(d) provides that "any expenses incurred by a billing authority in performing in a part of its area a function performed elsewhere in its area by the sub-treasurer of the Inner Temple, the under-treasurer of the Middle Temple, a parish or community council or the chairman of a parish meeting are the authority's special expenses unless a resolution of the authority to the contrary effect is in force."

3.3 In order for expenses incurred in performing any function of a district council to be special expenses under section 35(2)(d), the function must be carried out by the district in only part of its area, and the same function must be carried out in another part of the district by one or more parish councils. The detailed identification of concurrent functions is therefore essential for using this special expense provision. The district council first calculates an average council tax across the whole of its area under section 33 of that Act. Included in that will be the amounts the district council has to pay to parish councils under their precepts, plus the amounts the district will spend on performing functions which are performed in parts of its area by parish councils.

3.4 Special Expenses are currently in place for the following areas:

- Appleby Magna
- Coalville
- Coleorton
- Hugglescote and Donington-le-Heath
- Lockington cum Hemington
- Measham
- Oakthorpe, Donisthorpe & Acresford
- Ravenstone
- Stretton-en-le-Field
- Whitwick

4.0 SPECIAL EXPENSES POLICY

4.1 Special Expenses have been in place for several years at the council, however there is no formal policy in place. The benefit of having a policy is that the Council has a clear central list of those expenses that have been approved as being capable of being treated as a special expense. It will provide clarity to both officers and members on what functions can be carried out by the Council for the benefit of unparished areas and will fall under the special expense category. A policy has been developed and is attached at Appendix B for review.

4.2 The policy has been considered by the Coalville Special Expenses Working Party on the 15 June 2021 and Corporate Scrutiny on the 1 September 2021 and a link to the draft minutes is included within the background papers above.

4.3 The policy will be going to Council on 16 November 2021 for approval.

Policies and other considerations, as appropriate	
Council Priorities:	Not applicable
Policy Considerations:	Not applicable
Safeguarding:	Not applicable
Equalities/Diversity:	Not applicable
Customer Impact:	Not applicable
Economic and Social Impact:	Not applicable

Environment and Climate Change:	Not applicable
Consultation/Community Engagement:	Coalville Special Expenses Working Party – 15 June 2021 Corporate Scrutiny – 1 September 2021 Cabinet – 21 September 2021
Risks:	Not applicable
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