

North West Leicestershire District Council

Special Expenses Policy

Issue 1.2

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1. Overview

- 1.1 Special expenses are applied when North West Leicestershire District Council (NWLDC) provides a service in a parish (or unparished area) which is provided in other parishes by a town or parish council.
- 1.2 The cost of this service has to be met by the council taxpayers of the town or parish where (NWLDC) is providing the service so a special expense is charged to the council tax payers of that parish.
- 1.3 It should be noted that special expenses are not additional spending over and above the budget set by the Council but a classification within the overall budget. The Authority's budget includes Special Expenses, and some Council Tax calculations are based on the total including Special Expenses.
- 1.4 The district consists of 31 parished areas, and one unparished area. Parish councils exercise certain functions in their respective areas, which the District Council must exercise directly in the unparished area. These are known as concurrent functions.

2. Legislation

- 2.1 Section 35 of the Local Government Finance Act 1992 (the Act) specifies the items which are to be treated as special items for the purposes of calculating the Council Tax. Essentially, there are three areas within the provisions of Section 35 of the Act that it is considered apply to the Council:
 - i. A precept relating to part only of the Council's area e.g. parish precepts;
 - ii. The whole of the expenses (or only some) of those incurred by the Council in performing in a part of its area a function performed elsewhere in its area by a Parish Council are its special expenses.
 - iii. Any net expenses which arise out of the Council's possession of property held in trust for a part of its area are Special Expenses.
- 2.2 The first two items above can only be treated as a special expense if the Council has made resolutions to that effect.
- 2.3 In practical terms this is done by the Council at the time of setting the Council Tax in February each year as the report presented to the Council is in the form of a resolution which sets out the calculations required under Chapter III of the Act.

3. Special Expense Items

- 3.1 The Council levies Special Expenses in respect of the following services:
 - i. All Cemetery provision
 - ii. Parks, Open Spaces and Recreation Grounds
 - Closed churchyards
 - Open spaces, parks and play areas that are maintained by NWLDC in parished areas;
 - Open spaces, play areas, parks, pavilions and sportsgrounds in Coalville;
 - iii. Coalville Town Centre Support:
 - Coalville in Bloom
 - Support given to 'Local' events

- Christmas Lights and Trees
 - Community Art
- iv. Highways Maintenance
- v. Public Seats adjoining highways

3.2 The whole of the net expense (inclusive of any income) is to be included in the definition of the special expense.

3.3 Those debt charges will be included for all projects which fall within a special expense only to the extent that it would be for prudential borrowing, capital receipts or revenue finding, and debt charges on historic capital expenses would not be included.

4. Calculation of Special Expenses

4.1 NWLDC will calculate an average council tax across the whole of its area under section 31B of the Local Government Finance Act 1992. Included in that will be the amounts payable to parish councils under their precepts, plus the amounts NWLDC will spend on performing functions which are performed in parts of its area by parish councils.

4.2 Under section 34 of the Local Government Finance Act 1992, NWLDC must then deduct the total of any special items. For each part of its area, NWLDC must then add back amounts for any relevant special items for that part of its area. The amount added back is calculated by dividing the special item (i.e. the authority's estimated cost of performing the function in that part of its area) by the tax base for the part of the area in which the authority performs the function.

4.3 Treating expenses as special expenses does not affect the overall amount that NWLDC needs to raise through council tax, and does not, therefore, affect the average amount of council tax across the whole of the district. It simply means that, compared with what would happen if the expenses were not treated by NWLDC as special expenses, the council tax is:

- relatively lower for areas where the parish council performs the concurrent function, as it includes the parish's costs but not NWLDC's costs of performing the function elsewhere; and
- relatively higher for areas where NWLDC performs the concurrent function, as all NWLDC's costs of performing the concurrent function must be met by taxpayers in the area where NWLDC performs it.

4.4 Special Expenses are estimated for the year approaching (in line with all other budget estimates). Special Expenses budgets in future years include previous under or overspends.

4.5 If work is undertaken through the Authority's capital programme, any effect from depreciation and funding does not have any effect in the revenue budget until the following year where an estimate is included where the capital expenditure is known, otherwise there is a time lag, and it falls into the year after. If the item falls within the special expenses policy, then the special expenses budget for future years is amended to include the relevant costs.

5. Review

5.1 The list of concurrent functions included within the Special Expenses Items will be reviewed from time to time and the policy updated as necessary.