

North West Leicestershire District Council

Special Expenses Policy

Version 2 – February 2024

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 providing such services has to be met by the council taxpayers of the area or areas where NWLDC is providing that service, so a special expense is charged to the council taxpayers of that area or those areas.
- 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. NWLDC'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 that NWLDC exercises 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. For the Council's purposes, the only special expenses that it applies under the Act are those where the whole of the expenses (or only some) are incurred by the Council in performing in a part of its area a function performed elsewhere in its area by a parish council.
- 2.2 The above provision under the Act does not apply if the Council passes a resolution to no longer treat those expenses as a special expense.

3. Special Expense Items

- 3.1 NWLDC levies Special Expenses in respect of the following services that it has identified are being delivered elsewhere by one or more parish or town councils - within the district:
 - i. Cemeteries and burial grounds
 - ii. Closed cemeteries and burial grounds
 - iii.
 - Open spaces
 - Parks and playgrounds/play areas (including any facilities provided on site);
 - Bowling greens and pavilions.
 - iii. Events and decoration that make the area attractive to visitors, for example:
 - The provision of floral displays, local events
 - Christmas Lights and Trees
 - iv. Maintenance of highway land (including grass cutting and flower beds)
 - v. Recreation grounds

3.2 NWLDC has also identified some services that do fall under the definition of special expenses under the Act but it has resolved to not treat them as special expenses, which are as follows:

- Closed churchyards;
- Maintenance of leisure centres and football club pitches;
- War memorials;
- Street furniture (including waste bins, bus shelters and public benches); and
- Urban forests/adventure parks/woodlands.

3.3 Those expenses that are not treated as a special expense under paragraph 3.2 above, shall be charged to either the Council's general fund or housing revenue account, as appropriate.

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 or town 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 When calculating special expenses, the whole of the net expense (inclusive of any income) is to be calculated.

4.6 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.

- 4.7 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.

5. **Review**

- 5.1 This policy will be reviewed annually through the budget-setting process to ensure that the position in relation to what can be charged as a special expense remains the same.