



Overview and scrutiny – internal performance

Special expenses task and finish group

Final report



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1 Introduction

This report gives findings from an Overview and Scrutiny (Internal Performance) task and finish group review on the topic of special expenses.

Work of the group took place in September/October 2008.

Members of the group were as follows:

- Councillors Axworthy, White (Chair of the group), Yates (All Liberal Democrat Group)
- Councillors Canham, Wakely (Conservative Group)
- Councillor Mills (Labour Group).

Officers supporting the group were Claire Cowley (Scrutiny Support Officer) and Colm O'Callaghan (Chief Finance Officer).

The report sets out the following information:

- background to the subject
- a summary of government advice/best practice guidance
- the issues for St Albans City and District Council (SADC) and questions for scrutiny
- the scrutiny process for the task and finish group
- the group's conclusions.

2 Background - what are special expenses?¹

Special expenses are a charge for services that are provided in some cases by parishes. The charge is paid through council tax by residents of the parishes concerned. The charge is to make sure that people in these parished areas don't pay for the district services which aren't being provided in their area.

Costs for special expenses will not be the same in every area, as the unit costs and levels of provision will vary. Also, special expenses do not reflect all the costs of services. Capital costs are not included because of local government accounting rules. Additionally, they are also based on budgets, not actual spending.

Because of these factors, there will tend to be variability in charges levied on parished areas throughout a district such as St Albans. Special expenses create a focus at council tax setting time on relative percentage increases between areas in a district like St Albans.

¹ Information taken from Colm O'Callaghan's presentation to OS IP 10 July 2008

3 Government advice

A recent publication from the Department for Communities and Local Government (DCLG) has set out information about special expenses in the context of wider relationships between different tiers of government in shire areas – that is, parish/town, district and county. Full wording from the relevant extract from this guidance can be found in the Appendix to this report. Main points highlighted by the guidance include:

- A special expense item is an item which relates to only part of the district council's area.
- In order for expenses incurred in performing any function of a district council to be special expenses, 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 expenses provision.
- To set council tax for a municipal year, the district council first calculates an average council tax across the whole of its area. 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.
- The district council must then deduct the total of any special items. For each part of its area, the district council 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.
- Treating expenses as special expenses does not affect the overall amount that the district council 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 the district council 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 the district council's costs of performing the function elsewhere; and
 - relatively higher, for areas where the district council performs the concurrent function, as all the district council's costs of performing the concurrent function must be met by taxpayers in the area where the district council performs it.

- Responses from authorities who find using the special expenses provisions helpful suggest that the strengths of this method are that it meets three of the important principles for financial arrangements: fairness between council tax bills, transparency, and democratic control and accountability.
- The reason some authorities give for not pursuing this option, is that they consider it does not meet another of the principles, that of simplicity, i.e. the need to keep administrative costs of operation to a minimum. If the amounts involved in concurrent functions are trivial, or if only a minor fraction of the overall budget is at issue, care may be needed to balance the benefit and the costs. For example, there may be excessive costs associated with the issuing of different bills to a large number of separate pockets of population, where there is a particularly complex pattern of varying provision of concurrent functions.
- Where a principal authority has made a resolution that it has no such special expenses, it should have in place other means to ensure that finance follows function where concurrent functions exist and local taxpayers are being charged twice for them.

Members of the Task and Finish Group felt that this latter point was a key issue - in that it put some constraint, at least on the face of it, on the option of not having any replacement for a Special Expenses scheme.

The document also sets out five principles concerning funding of local services with particular reference to funding arrangements between different tiers of local authority:

- **fairness in the provision of services** (and access to them) by the principal authority between different parts of their area
- **simplicity** - to keep administrative costs of operation to a minimum
- **transparency** - to help understanding
- **democratic control and accountability** - to let local councils support additional services with additional expenditure while ensuring accountability to all those responsible for funding. This means distinguishing between funding by principal authorities (for a service carried out by a local council) and funding raised by local councils themselves (e.g. using their precepting powers)
- **finance following function** - where provision of a service is devolved or transferred from a principal authority to a local council, funding is also transferred, with the amount involved being agreed by the principal authority and the parish or town council.

The guidance gives three examples of the types of accounting arrangements which might be in place between tiers of government, to highlight particular issues which might arise:

A county council asked all parish councils to contribute 50% to the construction cost of bus shelters in their areas, and to pay £250 annually toward the cost of cleaning and maintaining the shelters. In the non-parished areas, bus shelters are fully funded by the County Council and this is, in this example, not treated a special expenses. Residents in the non-parished area are paying for their bus shelters via the county precept and have no parish precept to pay, while parish residents are contributing twice, via the county precept and the parish precept that is included in their council tax bills.

A parish upgraded their infants play area, with funding from the parish council, local residents and a contribution from the district council (one eighth of cost). The district council fully funds improvements to playgrounds in its non-parished area.

A district council expects its parishes to pay rental, grass cutting and other maintenance costs for playing fields, funded from their precept. The equivalent costs in non-parished areas are borne by the district council. In the absence of this being treated as Special Expenses, residents in the parishes are contributing twice towards the facilities in different areas; residents in the nonparished area are contributing only once.

Finally, the guidance gives step by step advice on how to review “dual accounting” arrangements between tiers of authorities. This is reproduced below.

Step one: gathering the information - is there a problem and what is its nature and extent?

There may be a need to start work by making a proper assessment of the situation. The sort of questions to ask are: If a problem is perceived, does the reality bear out the perception? Has a thorough, objective and reliable analysis been conducted? If so, does the analysis need updating to take in any recent changes? If not, what will be the best means of establishing the current position? Are some parishes or some taxpayers affected and others not? There may be various ways of exploring the situation to be discussed and agreed with partners. A survey or questionnaire may help gather the basic facts. A regular meeting or a special event might be a good way to start finding out what is happening and to exchange views on the way forward.

Ideally in every area, all parties should be clear as to exactly what functions are being operated concurrently by the different tiers in the area, and what the implications are for funding.

Step two: consulting - how far is the current situation acceptable to all parties?

A check on the degree to which current arrangements are tolerable to all parties may be useful. If local councils are aggrieved by their financial arrangements with their principal authority, feeling that they have been imposed against their better interests, there cannot be a healthy relationship. Reasons for grievances among local councils need to be explored, not ignored. Where arrangements are seen to be satisfactory, there may be less of a problem, although the final test will be whether or how far the five principles can be met and whether the local taxpayer is treated fairly. It may not be possible to satisfy everyone - but the participation of those affected and a consultative approach which allows views to be heard, will help.

Step three: finding positive ways forward

Look at what others have done and check through the various approaches set out below to see which might suit your locality. The best way forward may not be a single solution but a package approach, i.e. combining two or more of the means of ensuring finance follows function. In building up a picture of the situation, you may have identified wider issues that need discussion. For example the charter, will need to include the arrangements for delegation of functions and services to parish councils. This may be an opportunity to consider how the financial arrangements for devolving *more* functions would operate.

Alternatively, there may be a need for a policy framework to be developed for a particular area of concurrent functions, for example an open space and recreation ground policy. Where principles of service provision are agreed with partners, it will be easier to identify the best form of financial arrangements to meet requirements and to establish funding criteria. There may also be a groundswell of opinion building towards the setting up of new parishes. If such changes are likely in future, any new arrangements put in place now will need to be flexible to take on future adjustments. There may be scope for innovative ways forward not covered in this note. Some parishes may be in a position to generate income, with help from partners to set up or transfer an asset to bring in revenue.

Step four: resources - assessing short term needs and future costs

Costs and proportionality will need to be kept in mind when setting up new financial arrangements. The key principle of **simplicity** means keeping administrative costs to a minimum. Change can only be implemented successfully where the right capacity and resources are in place, so extra administrative burdens will need to be estimated before decisions are taken. For example, small local councils will need to assess the impact of potentially greater audit costs which might result from increased funding. Extra burdens may be justified by the benefits; but it is important that administrative and cost impacts of changes on both local councils and on principal authorities are properly assessed before new arrangements are put in place. Proportionality will also be a factor to consider - for example the overall size of the problem and the budgets involved will be a deciding factor in how complex or formal solutions need to be. A solution which costs more than the problem is not likely to be sustainable. There may be one-off costs to consider associated with the first step of gathering information.

Step five: agree and set up new arrangements

When putting the new arrangements in place, consider and discuss with partners how they will be monitored and a timetable for review.

Case studies on funding relationships between tiers of local authority have been developed as part of the DCLG publication from which the above information has been taken – these are appended.

4 The St Albans situation and key questions for scrutiny

The former Parish Liaison Committee of SADC has historically looked at special expenses allocation each year but the full process has not been reviewed for some time. Appendix 3 shows how this was done for SADC for the 2008/09 budget. A discussion of this was the subject of part of one of the task and finish meetings.

A further issue which will not be as directly apparent from the figures is volatility of the special expenses amounts, due to cost changes, and sometimes taxbase changes (and members will need to be aware that a change to the system such as might come from this review, in the year that it is introduced, will be the cause of swings in percentage levels too). Indeed this can probably be expected to happen in 2009/10 regardless of the changes made to the system as many of the costs within Special Expenses are contractual costs which will be subject to RPI inflation indexing, which is likely to be a higher increase than in other council spend.

As a result of the evidence gathered before the start of the review, from within SADC and elsewhere, key questions to consider were identified as follows:

- which services/areas should be subject to special expenses?
- how are amounts/proportions for special expenses determined? (including examination of methods to determine usage – e.g. catchment areas, surveys etc)
- should SADC have any special expenses in the future?

5 The SADC scrutiny review process

The Task and Finish group for special expenses conducted its work in Autumn 2008 in three small group meetings. Interim reporting back to the OS IP “parent” committee will take place on 9th December. Any system changes will then need to be reported to Council. Figures for the 2009/2010 municipal year will be produced on the new agreed basis in February 2009, and be subject to the agreed overall budget scrutiny process (joint scrutiny meeting January 2009).

6 Proceedings from the review

The task and finish review process had three meetings – one to consider the evidence available from external sources and scope the remainder of the review, the second to consider different models of funding between town, parish and district councils and the third and final meeting to hear evidence from external sources, with questioning from councillors based on the preceding two meetings, and draw conclusions from the St Albans perspective.

6.1 First meeting – evidence available and scope of the remainder of the review

Councillors present discussed the background to special expenses and the rationale behind the review and, in particular, specific issues and questions to explore within the review.

Members asked the Chief Finance Officer to

- explore which other councils had special expenses from St Albans’ nearest neighbours
- exemplify a range of situations where special expenses could be, or were currently, applied
- present an analysis of what special expenses are currently operated in the council and why they are classed as special expenses
- explore particular situations – such as the Town Hall (which now brings in an income), Christmas lights (maintenance and capital) – which need to be looked at in more detail
- look at revenue generation as a case related to special expenses
- present which car parks are subject to special expenses and which are not

- explore the fact that special expenses apply only to revenue and not capital spend
- related to this, explore the possibility and utility of a replacement fund which would be used to set aside money for future capital spend
- develop a model for financial relationships between districts and parishes/towns using grants instead of special expenses
- explore whether capping is applied in such situations².

Councillors agreed that future meetings of the task and finish group would be held in public as a range of stakeholders were particularly interested in the proceedings and outcome of the review.

Witnesses or witness evidence was also requested from a range of organisations including the National Association of Local Councils (St Albans branch), local town/parish councils, Herts districts, CIPFA and the Audit Commission (if possible), and Bath and North East Somerset.

² It appears that the capping issue was that the previous (pre special expenses) grant regimes were ceased, thus saving authorities cappable expenditure when Special Expenses were brought in

6.2 Second meeting – considering a range of models concerning special expenses and funding relationships between town/parish and district councils

The Chief Finance Officer (CFO) reported on research he had been asked to do as a result of the first meeting. He reported that the Hertfordshire authorities he had contacted, and had had replies from at that stage, East Herts and Dacorum, did not have special expense schemes. He also talked through the background to special expenses in the SADC area, and presented a schematic representation of what was subject to special expenses at present, using the diagram below.

In the diagram on the next two pages, the top half of the first page shows all the areas that are part of special expenses. The second half of the first page shows how it is decided how much of this relates to the particular special expenses areas (i.e. parishes and the unparished area). The second page shows the total amounts that this generates for each parish and the unparished area and how the Band D special expense figure is generated from this.

AREAS OF SPEND						
Allotments [#]	Some public conveniences	Clarence Park [#]	Bus Shelters [#]	Local Car Parks	Playground Eqpt [#]	Gardens and flower beds [#]
Harpenden Public Hall [#]	Jubilee Centre [#]	Public seats [#]			Other open spaces [#]	Commons [#]

ALL

S P E C I A L

AREAS OF SPEND		
Town Hall [#]	Rothamsted Park [#]	Ver Park/WLod [#]
Other Public conveniences	Xmas lights	
80%	80%	80%

E X P
ALLOCATED TO AREAS (PARISHES AND UNPARISHED) BY FOLLOWING METHODS

Direct cost allocation	Direct cost allocation	Direct cost allocation	Direct cost allocation	Direct cost Allocation for rates; repairs weighted by no of spaces	Weighting by amount of equipment/contract activity	Proportional split
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Direct cost allocation	Direct cost allocation	Direct cost allocation
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AMOUNTS PER AREA (PARISH AND UNPARISHED)

 AMOUNTS PER AREA (PARISH AND UNPARISHED)

St A City	Harpenden	Colney Heath	Harpenden Rural	London Colney	Redbourn	St Michael	St Stephen	Sandridge	Wheathampstead
£624,284	£146,740	0	0	£15,641	£12,963	0	£47,100	£53,743	£24,937

DIVIDE BY TAXBASE

23,835	13,510	2,479	211	3,536	2,420	261	6,151	4,909	2,909
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GIVES BAND D SPECIAL EXPENSE FOR EACH AREA

£26.19	£10.86	0	0	£4.42	£5.36	0	£7.66	£10.95	£8.57
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The CFO then talked through a range of models, or exemplifications, he had prepared on special expenses, with accompanying figures (appended), to enable councillors to discuss their views on each. Each of the models is presented as a possible way of going forward, contained within a broader “issue” heading (in shaded boxes) below.

ISSUE**Special expenses in general****CURRENT POSITION**

The council has a system of special expenses

**ARGUMENTS IN FAVOUR OF HAVING
SPECIAL EXPENSES**

Avoids double charging

ARGUMENTS AGAINST

Sensitive to small changes

Process designed to be fair is not
perceived as fair.

POSSIBLE ALTERNATIVES - Exemplification A - no special expenses at all

	St Albans City	Harpden Town	Colney Heath	Harpden Rural	London Colney	Redbourn	St Michael	St Stephen	Sandridge	Wheathamp- stead	<u>TOTAL</u>
	£	£	£	£	£	£	£	£	£	£	£
NO SPECIAL EXPENSES											
Playing Fields and Open Spaces **	499,586	137,501			3,024	488		22,913	13,791	6,881	684,184
Local Halls **	(53,389)	3,890									(49,499)
Allotments	8,253										8,253
Commons **								9,566	10,002	4,086	23,654
City Centre Management **	13,704										13,704
Public Seats	3,641										3,641
Bus Shelters	17,084										17,084
Local Car Parks	2,851	1,940			1,673	392		427	2,409		9,692
Public Conveniences **	132,554	3,409			10,944	12,083		14,194	27,541	13,970	214,695
	<u>(624,284)</u>	<u>(146,740)</u>			<u>(15,641)</u>	<u>(12,963)</u>		<u>(47,100)</u>	<u>(53,743)</u>	<u>(24,937)</u>	<u>(925,408)</u>
TOTAL	0	0	-	-	0	0	-	0	0	0	0
2008/09 - Band D equivalent THIS MODEL	0.00	0.00			0.00	0.00		0.00	0.00	0.00	0.00 (Av)
2008/09- Band D equivalent REAL	26.19	10.86			4.42	5.36		7.66	10.95	8.57	15.37 (Av)
	(26.19)	(10.86)			(4.42)	(5.36)		(7.66)	(10.95)	(8.57)	(15.37) (Av)
Effect of change on general expenses	15.37	15.37	15.37	15.37	15.37	15.37	15.37	15.37	15.37	15.37	15.37

** The costs of Verulamium/Westminster Lodge Park, Rothamsted Park, Town Hall, Bricket Wood Common, Nomansland Common (including Public Conveniences, where they are located within these parks) and City Centre Management (Christmas Illuminations only) have been charged 80% as special expenses and 20% as general expenses.

ARGUMENTS IN FAVOUR	ARGUMENTS AGAINST
Simpler	Requires a view that figures are de minimis (unlikely unless review holds that many things are not special expenses)

Councillors discussed whether to have special expenses or not. If there were no special expenses at all, St Albans (unparished area) residents would be better off by £11 and Harpenden residents worse off by £5 – other smaller parishes would also be worse off.

Discussing whether this helped support a case for abolishing special expenses entirely, councillors tended to disagree with this, in that the principle was simple to explain, and that no-one appeared to be double taxed. However, using the Christmas lights as an example, there was concern that special expenses were based on revenue rather than capital. Residents may be confused that they were not paying for the purchase of the lights, but rather, only the maintenance of them. This was given further consideration in later discussions in the second and third meetings.

In conclusion councillors felt that, especially given the government guidance that other action would need to be taken in the absence of a special expenses scheme, the principle of having special expenses was a good one to proceed with.

Exemplification B – a grants system.

NO SPECIAL EXPENSES PLUS GRANTS SCHEME	St Albans City	Harpenden Town	Colney Heath	Harpenden Rural	London Colney	Redbourn	St Michael	St Stephen	Sandridge	Wheatthorpe	TOTAL
	£	£	£	£	£	£	£	£	£	£	£
Playing Fields and Open Spaces **	499,586	137,501			3,024	488		22,913	13,791	6,881	684,184
Local Halls **	(53,389)	3,890									(49,499)
Allotments	8,253										8,253
Commons **								9,566	10,002	4,086	23,654
City Centre Management **	13,704										13,704
Public Seats	3,641										3,641
Bus Shelters	17,084										17,084
Local Car Parks	2,851	1,940			1,673	392		427	2,409		9,692
Public Conveniences **	132,554	3,409			10,944	12,083		14,194	27,541	13,970	214,695
	(624,284)	(146,740)			(15,641)	(12,963)		(47,100)	(53,743)	(24,937)	(925,408)
TOTAL	0	0	-	-	0	0	-	0	0	0	0
2008/09 - Band D equivalent THIS MODEL	0.00	0.00			0.00	0.00		0.00	0.00	0.00	0.00 (Av)
2008/09- Band D equivalent REAL	26.19	10.86			4.42	5.36		7.66	10.95	8.57	15.37 (Av)
	(26.19)	(10.86)			(4.42)	(5.36)		(7.66)	(10.95)	(8.57)	(15.37) (Av)
Effect of change on General expenses	12.35	12.35	12.35	12.35	12.35	12.35	12.35	12.35	12.35	12.35	
Effect of grant at £5 per Band D		(5.00)	(5.00)	(5.00)	(5.00)	(5.00)	(5.00)	(5.00)	(5.00)	(5.00)	
Net effect in local area	(13.84)	(3.51)	7.35	7.35	2.93	1.99	7.35	(0.31)	(3.60)	(1.22)	

** The costs of Verulamium/Westminster Lodge Park, Rothamsted Park, Town Hall, Bricket Wood Common, Nomansland Common (including Public Conveniences, where they are located within these parks) and City Centre Management (Christmas Illuminations only) have been charged 80% as special expenses and 20% as general expenses.

In this model, the council determines that it does not have special expenses, and gives a grant to parishes to compensate their taxpayers for variations in spend. The example gives a flat rate of £5 per band D property, but variable rates could be used. Note the main issue that there is no grant being paid in the city area.

ARGUMENTS IN FAVOUR	ARGUMENTS AGAINST
Arguably simpler (unless grant regime is complex)	<p>Grant regime is entirely an extra cost – evens out tax levels by increasing District Council tax (£182k in this example)</p> <p>Parishes may not use extra funds to reduce their tax - may spend it.</p>

Some local authorities operate a grants system in place of special expenses. It is seen as a way of making some compensation to towns/parishes. Councillors felt that this may lead to accusations of a district centralising its approach or be seen to be giving “allowances” to parishes for spending. There would also be a risk of arbitrariness in allocating grant amounts, or providing towns/parishes with a relatively large amount of money for relatively small levels of service. It was suggested that a better way to manage this situation than a grant scheme could be to transfer functions in their entirety to parishes.

ISSUE
Town Hall

CURRENT POSITION
Eighty percent of the Town Hall is treated as a special expense

ARGUMENTS IN FAVOUR	ARGUMENTS AGAINST	OTHER
<p>Reflects large element of special expense use</p> <p>New income recompenses those who have had to “subsidise” the building in the past</p>	<p>New income is not a special expense in itself.</p>	<p>Hard to determine what data would validate any suggested percentage</p>

POSSIBLE ALTERNATIVES

Exemplification C – Town Hall income excluded

EXEMPLIFICATION C - TOWN HALL INCOME NOT A SPECIAL EXPENSE	St Albans City	Harpden Town	Colney Heath	Harpden Rural	London Colney	Redbourn	St Michael	St Stephen	Sandridge	Wheathampstead	TOTAL
	£	£	£	£	£	£	£	£	£	£	£
Playing Fields and Open Spaces **	499,58	137,50			3,024	488		22,913	13,791	6,881	684,18
Local Halls **	36,363	3,890									40,253
Allotments	8,253										8,253
Commons **								9,566	10,002	4,086	23,654
City Centre Management **	13,704										13,704
Public Seats	3,641										3,641
Bus Shelters	17,084										17,084
Local Car Parks	2,851	1,940			1,673	392		427	2,409		9,692
Public Conveniences **	132,55	3,409			10,944	12,083		14,194	27,541	13,970	214,69
TOTAL	714,03	146,74	-	-	15,641	12,963	-	47,100	53,743	24,937	1,015,1
2008/09 - Band D equivalent THIS MODEL	29.96	10.86			4.42	5.36		7.66	10.95	8.57	16.86 (Av)
2008/09- Band D equivalent REAL	26.19	10.86			4.42	5.36		7.66	10.95	8.57	15.37 (Av)
	<u>3.77</u>	<u>0.00</u>			<u>0.00</u>	<u>0.00</u>		<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>1.49 (Av)</u>
Effect of change on General expenses	-1.49	-1.49	-1.49	-1.49	-1.49	-1.49	-1.49	-1.49	-1.49	-1.49	-1.49

** The costs of Verulamium/Westminster Lodge Park, Rothamsted Park, Town Hall, Bricket Wood Common, Nomansland Common (including Public Conveniences, where they are located within these parks) and City Centre Management (Christmas Illuminations only) have been charged 80% as special expenses and 20% as general expenses.

ARGUMENTS IN FAVOUR

ARGUMENTS AGAINST

As above, the income is not a special expense in itself

As above, the income compensates those taxpayers who have borne the cost of the building when it was “loss-making”

Councillors felt that this was a variant of the current position and therefore SADC and the district’s third tier authorities should not proceed with this exemplar. It was felt that in thinking about the way forward, individual elements of any system should not be looked at differently – rather the system as a whole should be designed as fit for purpose. It was also felt that treating income differently from expenditure was intellectually problematic.

Exemplification D – all of Town Hall excluded

	St Albans City	Harpenden Town	Colney Heath	Harpenden Rural	London Colney	Redbourn	St Michael	St Stephen	Sandridge	Wheatthamp- stead	TOTAL
	£	£	£	£	£	£	£	£	£	£	£
TOWN HALL NOT A SPECIAL EXPENSE											
Playing Fields and Open Spaces **	499,586	137,501			3,024	488		22,913	13,791	6,881	684,184
Local Halls **	5,635	3,890									9,525
Allotments	8,253										8,253
Commons **								9,566	10,002	4,086	23,654
City Centre Management **	13,704										13,704
Public Seats	3,641										3,641
Bus Shelters	17,084										17,084
Local Car Parks	2,851	1,940			1,673	392		427	2,409		9,692
Public Conveniences **	132,554	3,409			10,944	12,083		14,194	27,541	13,970	214,695
					15,641	12,963		47,100	53,743	24,937	214,695
TOTAL	683,308	146,740	-	-	1	3	-	0	3	24,937	984,432
2008/09 - Band D equivalent THIS MODEL	28.67	10.86			4.42	5.36		7.66	10.95	8.57	16.35 (Av)
2008/09- Band D equivalent REAL	26.19	10.86			4.42	5.36		7.66	10.95	8.57	15.37 (Av)
	2.48	0.00			0.00	0.00		0.00	0.00	0.00	0.98 (Av)
Effect of change on General expenses	-0.98	-0.98	-0.98	-0.98	-0.98	-0.98	-0.98	-0.98	-0.98	-0.98	-0.98

** The costs of Verulamium/Westminster Lodge Park, Rothamsted Park, Town Hall, Bricket Wood Common, Nomansland Common (including Public Conveniences, where they are located within these parks) and City Centre Management (Christmas Illuminations only) have been charged 80% as special expenses and 20% as general expenses.

ARGUMENTS IN FAVOUR

Would have to be based on argument that Town Hall is not a special expense at all.

ARGUMENTS AGAINST

Town Hall is, to some extent, used more locally rather than district-wide

Councillors felt that this example was more robust than the example of just excluding income – that an item is either included or excluded from special expenses, and that a firm rationale is given for this decision.

ISSUE**Major parks****CURRENT POSITION**

Major parks (Verulamium/Westminster Lodge and Rothamsted) are treated as 80% special expenses

**ARGUMENTS IN
FAVOUR**

Clearly some element is general with the larger parks having a wider catchment area

**ARGUMENTS
AGAINST**

Need a more sophisticated method of determining catchment.

OTHER

Hard to think of one other than surveys

POSSIBLE ALTERNATIVES

Exemplification E - all major parks treated as general expenses

	St Albans City	Harpden Town	Colney Heath	Harpden Rural	London Colney	Redbourn	St Michael	St Stephen	Sandridge	Wheattham pstead	TOTAL
	£	£	£	£	£	£	£	£	£	£	£
ALL MAJOR PARKS AS GENERAL EXPENSES											
Playing Fields and Open Spaces **	265,238	55,960			3,024	488		22,913	13,791	6,881	368,295
Local Halls **	(53,389)	3,890									(49,499)
Allotments	8,253										8,253
Commons **								9,566	10,002	4,086	23,654
City Centre Management **	13,704										13,704
Public Seats	3,641										3,641
Bus Shelters	17,084										17,084
Local Car Parks	2,851	1,940			1,673	392		427	2,409		9,692
Public Conveniences **	132,554	3,409			10,944	12,083		14,194	27,541	13,970	214,695
TOTAL	389,936	65,199	-	-	15,641	12,963	-	47,100	53,743	24,937	609,519
2008/09 - Band D equivalent THIS MODEL	16.36	4.83			4.42	5.36		7.66	10.95	8.57	10.12 (Av)
2008/09- Band D equivalent REAL	26.19	10.86			4.42	5.36		7.66	10.95	8.57	15.37 (Av)
	(9.83)	(6.03)			0.00	0.00		0.00	0.00	0.00	(5.25) (Av)
Effect of change on General expenses	5.25	5.25	5.25	5.25	5.25	5.25	5.25	5.25	5.25	5.25	5.25

** The costs of Verulamium/Westminster Lodge Park, Rothamsted Park, Town Hall, Bricket Wood Common, Nomansland Common (including Public Conveniences, where they are located within these parks) and City Centre Management (Christmas Illuminations only) have been charged 80% as special expenses and 20% as general expenses.

ARGUMENTS IN FAVOUR	ARGUMENTS AGAINST	OTHER
Clearly some general usage, even nearby people can be using it generally!	To what extent is such usage general – how far do most visitors travel	Does this argument apply to commons also?

Exemplification F – treat Clarence Park in the same way as other major parks

In the current treatment – 80% special, 20% general instead of 100% special

	St Albans City	Harpenden Town	Colney Heath	Harpenden Rural	London Colney	Redbourn	St Michael	St Stephen	Sandridge	Wheatthamp stead	TOTAL
	£	£	£	£	£	£	£	£	£	£	£
MAJOR PARKS AT 80:20 (incl CLARENCE PK)											
Playing Fields and Open Spaces **	467,260	137,501			3,024	488		22,913	13,791	6,881	651,858
Local Halls **	(53,389)	3,890									(49,499)
Allotments	8,253										8,253
Commons **								9,566	10,002	4,086	23,654
City Centre Management **	13,704										13,704
Public Seats	3,641										3,641
Bus Shelters	17,084										17,084
Local Car Parks	2,851	1,940			1,673	392		427	2,409		9,692
Public Conveniences **	132,554	3,409			10,944	12,083		14,194	27,541	13,970	214,695
TOTAL	591,958	146,740	-	-	15,641	12,963	-	47,100	53,743	24,937	893,082
2008/09 - Band D equivalent THIS MODEL	24.84	10.86			4.42	5.36		7.66	10.95	8.57	14.83 (Av)
2008/09- Band D equivalent REAL	26.19	10.86			4.42	5.36		7.66	10.95	8.57	15.37 (Av)
	(1.35)	0.00			0.00	0.00		0.00	0.00	0.00	(0.54) (Av)
Effect of change on General expenses	0.54	0.54	0.54	0.54	0.54	0.54	0.54	0.54	0.54	0.54	0.54

** The costs of Verulamium/Westminster Lodge Park, Rothamsted Park, Town Hall, Bricket Wood Common, Nomansland Common (including Public Conveniences, where they are located within these parks) and City Centre Management (Christmas Illuminations only) have been charged 80% as special expenses and 20% as general expenses.

ARGUMENTS IN FAVOUR

Same as the other major ones

ARGUMENTS AGAINST

To what extent does this have such a “general” appeal ?

It was felt, although the amounts concerned were small, the principle was right behind this example – that is, the need to be consistent and even handed in the approach to special expenses. Following on from the discussion above it was requested that the proportions of 70:30 and 60:40 (in both cases including Clarence Park) be modelled as well as 80:20 (these two new exemplifications are attached as F2 and F3). Members’ views were invited as to whether further analysis or surveying is worthwhile and/or practicable in the short and medium term.

	St Albans City	Harpden Town	Colney Heath	Harpden Rural	London Colney	Redbourn	St Michael	St Stephen	Sandridge	Wheathampstead	TOTAL
	£	£	£	£	£	£	£	£	£	£	£
MAJOR PARKS AT 70:30 (incl CLARENCE PK)											
Playing Fields and Open Spaces **	442,007	127,309			3,024	488		22,913	13,791	6,881	616,413
Local Halls **	(53,389)	3,890									(49,499)
Allotments	8,253										8,253
Commons **								9,566	10,002	4,086	23,654
City Centre Management **	13,704										13,704
Public Seats	3,641										3,641
Bus Shelters	17,084										17,084
Local Car Parks	2,851	1,940			1,673	392		427	2,409		9,692
Public Conveniences **	132,554	3,409			10,944	12,083		14,194	27,541	13,970	214,695
TOTAL	566,705	136,548	-	-	15,641	12,963	-	47,100	53,743	24,937	857,637
2008/09 - Band D equivalent THIS MODEL	23.78	10.11			4.42	5.36		7.66	10.95	8.57	14.24 (Av)
2008/09- Band D equivalent REAL	26.19	10.86			4.42	5.36		7.66	10.95	8.57	15.37 (Av)
	(2.41)	(0.75)			0.00	0.00		0.00	0.00	0.00	(1.13) (Av)
Effect of change on General expenses	1.13	1.13	1.13	1.13	1.13	1.13	1.13	1.13	1.13	1.13	1.13

	St Albans City	Harpenden Town	Colney Heath	Harpenden Rural	London Colney	Redbourn	St Michael	St Stephen	Sandridge	Wheatthampstead	TOTAL
	£	£	£	£	£	£	£	£	£	£	£
EXEMPLIFICATION F3 - MAJ PARKS AT 60:40 (incl CLARENCE PK)											
Playing Fields and Open Spaces **	416,755	117,116			3,024	488		22,913	13,791	6,881	580,968
Local Halls **	(53,389)	3,890									(49,499)
Allotments	8,253										8,253
Commons **								9,566	10,002	4,086	23,654
City Centre Management **	13,704										13,704
Public Seats	3,641										3,641
Bus Shelters	17,084										17,084
Local Car Parks	2,851	1,940			1,673	392		427	2,409		9,692
Public Conveniences **	132,554	3,409			10,944	12,083		14,194	27,541	13,970	214,695
TOTAL	541,453	126,355	-	-	15,641	12,963	-	47,100	53,743	24,937	822,192
2008/09 - Band D equivalent THIS MODEL	22.72	9.35			4.42	5.36		7.66	10.95	8.57	13.65 (Av)
2008/09- Band D equivalent REAL	26.19	10.86			4.42	5.36		7.66	10.95	8.57	15.37 (Av)
	(3.47)	(1.51)			0.00	0.00		0.00	0.00	0.00	(1.72) (Av)
£											
Effect of change on General expenses	1.71	1.71	1.71	1.71	1.71	1.71	1.71	1.71	1.71	1.71	1.71

** The costs of Verulamium/Westminster Lodge Park, Rothamsted Park, Town Hall, Bricket Wood Common, Nomansland Common (including Public Conveniences, where they are located within these parks) and City Centre Management (Christmas Illuminations only) have been charged 80% as special expenses and 20% as general expenses.

Paul Smith, from Harpenden Town Council, made a contribution to the meeting at this point, as he had experience of special expenses at the Town Council and also St Albans District Council, where he had previously worked. There was some discussion about the amounts set for special expenses for parks. Paul Smith said that they had been previously set at 70:30 special/general. They were then set as 80:20. This was based on previously gathered data about visits/use (surveys etc) but it is now felt that these figures are not based on currently accurate data, and there was not at the time of previous surveys a direct set of data that proved either the 70:30 or 80:20 figures. Councillors commented that it would be difficult to compare local facilities with Westminster Lodge/Verulamium Park in this respect – that visitor numbers and types would differ between sites. This question was left open to discuss at the next meeting.

ISSUE**Capital/Depreciation/Renewals****CURRENT POSITION**

No charge is made to special expenses for asset usage

ARGUMENTS IN FAVOUR

Same as general local government accounting

If you add a charge you are increasing the amount paid in special expense areas

ARGUMENTS AGAINST

Doesn't show true cost

Allows hidden subsidy via capital spend

POSSIBLE ALTERNATIVES

Exemplification G

EXEMPLIFICATION G - WITH AN ALLOWANCE FOR ASSET USE	St Albans City	Harpenden Town	Colney Heath	Harpenden Rural	London Colney	Redbourn	St Michael	St Stephen	Sandridge	Wheatthamps tead	TOTAL
	£	£	£	£	£	£	£	£	£	£	£
Playing Fields and Open Spaces **	568,840	139,554			3,024	488		22,913	13,791	6,881	755,491
	(27,324)										(14,095)
Local Halls **		13,229									12,137
Allotments	12,137										12,137
Commons **								9,566	10,002	4,086	23,654
City Centre Management **	13,704										13,704
Public Seats	3,641										3,641
Bus Shelters	17,084										17,084
Local Car Parks	4,453	2,090			2,739	452		541	2,511		12,786
Public Conveniences **	137,435	3,930			11,233	12,394		14,754	28,787	14,208	222,741
TOTAL	729,970	158,803	-	-	16,996	13,334	-	47,774	55,091	25,175	1,047,143
2008/09 - Band D equivalent THIS MODEL	30.63	11.75			4.81	5.51		11.22	8.65	17.39	(Av)
2008/09- Band D equivalent REAL	26.19	10.86			4.42	5.36		7.66	10.95	8.57	(Av)
	4.44	0.89			0.39	0.15		0.11	0.27	0.08	(Av)

7.77

Effect of change on General expenses Nil in all cases - this is an extra cost

** The costs of Verulamium/Westminster Lodge Park, Rothamsted Park, Town Hall, Bricket Wood Common, Nomansland Common (including Public Conveniences, where they are located within these parks) and City Centre Management (Christmas Illuminations only) have been charged 80% as special expenses and 20% as general expenses.

For ease of generating data, this assumes that the current notional depreciation charges, which are reversed out at present, give a rough figure for what might need to be put aside for replacement.

ARGUMENTS IN FAVOUR	ARGUMENTS AGAINST
Shows true cost	Increases cost in special expense areas
	Is not mirrored in general expenses

Councillors commented that in this case, the situation was straightforward to understand – that either taxes were increased or services reduced if a replacement fund was planned for. Again the need to be consistent and even handed was emphasised. However, as a disadvantage, members pointed out that it didn't appear entirely logical and that the approach would not fit with the rest of local government accounting protocols.

ISSUE**Christmas illuminations****CURRENT POSITION**

Christmas illuminations are treated as 80% special expenses

ARGUMENTS IN FAVOUR

There is a benefit to residents of the unparished area, but clearly some other visitors

ARGUMENTS AGAINST

Is this the correct proportion ?

POSSIBLE ALTERNATIVES

Exemplification H – Christmas Illuminations treated as 100% special expenses

EXEMPLIFICATION H - CHRISTMAS ILLUMINATIONS ALL SPECIAL	St Albans City	Harpenden Town	Colney Heath	Harpenden Rural	London Colney	Redbourn	St Michael	St Stephen	Sandridge	Wheattham pstead	TOTAL
	£	£	£	£	£	£	£	£	£	£	£
Playing Fields and Open Spaces **	499,586	137,501			3,024	488		22,913	13,791	6,881	684,184
Local Halls **	(53,389)	3,890									(49,499)
Allotments	8,253										8,253
Commons **								9,566	10,002	4,086	23,654
City Centre Management **	17,130										17,130
Public Seats	3,641										3,641
Bus Shelters	17,084										17,084
Local Car Parks	2,851	1,940			1,673	392		427	2,409		9,692
Public Conveniences **	132,554	3,409			10,944	12,083		14,194	27,541	13,970	214,695
TOTAL	627,710	146,740	-	-	15,641	12,963	-	47,100	53,743	24,937	928,834
2008/09 - Band D equivalent THIS MODEL	26.34	10.86			4.42	5.36			10.95	8.57	15.42 (Av)
2008/09- Band D equivalent REAL	26.19	10.86			4.42	5.36		7.66	10.95	8.57	15.37 (Av)
	0.15	0.00			0.00	0.00		0.00	0.00	0.00	0.05 (Av)
Effect of change on General expenses	-0.06	-0.06	-0.06	-0.06	-0.06	-0.06	7.66	-0.06	-0.06	-0.06	-0.06

** The costs of Verulamium/Westminster Lodge Park, Rothamsted Park, Town Hall, Bricket Wood Common, Nomansland Common (including Public Conveniences, where they are located within these parks) and City Centre Management (Christmas Illuminations only) have been charged 80% as special expenses and 20% as general expenses.

ARGUMENTS IN FAVOUR	ARGUMENTS AGAINST
A parish council providing this service would have to pay for 100% of it	The nature and scale of the service reflects the “general” aspect of it (i.e. more is done, costing more because of /in order to attract visitors from outside the unparished areas)

Again councillors noted that the figures involved in making this change were small to the tax payer but would be very obvious in accounting. Also the true costs of Christmas decorations would not be passed on as capital costs (new fittings, tree etc) would not be passed on, just revenue costs of erection, maintenance and so on. Members asked that the peculiarities of the way that capital expenditure is treated in special expenses be something that is given prominence in their conclusions.

Exemplification I – Jubilee Centre treated as 100% special expenses

	St Albans City	Harpenden Town	Colney Heath	Harpenden Rural	London Colney	Redbourn	St Michael	St Stephen	Sandridge	Wheathampstead	TOTAL
EXEMPLIFICATION I - JUBILEE CENTRE NOT SPECIAL EXPENSE											
	£	£	£	£	£	£	£	£	£	£	£
Playing Fields and Open Spaces **	499,586	137,501			3,024	488		22,913	13,791	6,881	684,184
Local Halls **	(59,024)	3,890									(55,134)
Allotments	8,253										8,253
Commons **								9,566	10,002	4,086	23,654
City Centre Management **	13,704										13,704
Public Seats	3,641										3,641
Bus Shelters	17,084										17,084
Local Car Parks	2,851	1,940			1,673	392		427	2,409		9,692
Public Conveniences **	132,554	3,409			10,944	12,083		14,194	27,541	13,970	214,695
TOTAL	618,649	146,740	-	-	15,641	12,963	-	47,100	53,743	24,937	919,773
2008/09 - Band D equivalent THIS MODEL	25.96	10.86			4.42	5.36		7.66	10.95	8.57	15.27 (Av)
2008/09- Band D equivalent REAL	26.19	10.86			4.42	5.36		7.66	10.95	8.57	15.37 (Av)
	(0.23)	0.00			0.00	0.00		0.00	0.00	0.00	(0.10) (Av)
Effect of change on General expenses	0.09	0.09	0.09	0.09	0.09	0.09	0.09	0.09	0.09	0.09	0.09

£ The costs of Verulamium/Westminster Lodge Park, Rothamsted Park, Town Hall, Bricket Wood Common, Nomansland Common (including Public Conveniences, where they are located within these parks) and City Centre Management (Christmas Illuminations only) have been charged 80% as special expenses and 20% as general expenses.

In the same way, treating, for example, the Jubilee Centre as a special expense was felt to “stick out like a sore thumb” even though the total running costs were small. The reason the Jubilee Centre was in the calculations was that the hall was available for lettings. The CFO was asked to model the centre as not being a special expense. This is attached at Exemplification I.

Members were presented with a list of car parks which were and were not treated as special expenses. This is given below. They were happy with the list and the rationale behind it.

Special Expenses	General Expenses
Albert Street (SAC)	Adelaide St
New Kent Road (SAC)	Amenbury Lane
Haseldine Road (LC)	Bowers Way East
Cravells Road (HT)	Bowers Way West
Marquis Lane (HT)	Bricket Road North
Southdown Road (HT)	Civic Centre
Southview Road (HT)	Clarence Park
Redbourn High St (R)	Gombards Car Park, Upton Ave
Sandridge (S)	London road
Marshalswick (S)	Lydekker
Nomansland (S)	Townsend Ave
Parks Street (SS)	Verulamium
East Lane (W)	Westminster Lodge
Land Adj East Lane (W)	Drovers Way
	Russell Avenue

Key

SAC = St Albans City; LC = London Colney; HT = Harpenden; R= Redbourn; S = Sandridge; SS = St Stephen; W= Wheathampstead

Process from here

Councillors asked whether districts in Hertfordshire with special expenses – or not – could be asked to come and talk with the committee about their approach. Witnesses were also invited from Harpenden Town Council and the St Albans Association of Local Councils. Extra work from the CFO was requested, as detailed above, with a special request to look at the district's halls. Witnesses from CIPFA, Audit Commission or with similar expertise were also asked to be sought. Councillors asked that areas of questioning included the following:

- what proportion of local authorities with parishes have/do not have special expenses
- how different local authorities allocate special expenses
- how proportions and amounts of expenses are worked out
- what processes do local authorities have for reviewing special expenses
- if authorities do not operate special expenses, what is done instead
- if authorities operate a grants system instead, how does this work.

6.3 Third meeting - witness presentations, deliberations and conclusions

The third and final meeting of the group focused on witness evidence from external perspectives, and the group's discussions and conclusions as a result of the review process. Two invited witnesses attended and spoke. CIPFA and the Audit Commission were not able to provide expert witness speakers for this review. Other interested parties also spoke at the meeting as indicated in the following text.

The first speaker was Niel Clements, Chair of the St Albans Association of Local Councils. He said that a principle of one "flat rate" of council tax for the whole district was unfair, as St Albans appeared to receive better services than the other towns and villages of the district. With the addition of parish/town council precepts, this meant that villages and towns paid higher council tax for fewer services. The establishment of the former Parish Liaison Committee had come about as a result of the need to discuss this issue, and to address the issues and anomalies brought about by concurrent functions being managed by SADC and town and parishes in the St Albans district. Mr Clements commented that this committee's operations aimed to redress the inequity built in to the system – and that the special expenses system was a crucial part of this work.

Therefore, he said, special expenses should not be abolished as they played a distinct function. All parishes that his association represented were also against this. On the possibility of a grants system replacing special expenses, Mr Clements commented that this would not be a good solution if parishes were to be told how to spend their allocation of money by the district council. In summary, Mr Clements said that special expenses were important to towns and parishes, and that the basic principle they delivered should be adhered to.

The second invited witness was Paul Smith, an officer with Harpenden Town Council. Mr Smith agreed that a special expense scheme was fundamental to the financial arrangements made between the councils in the District, in avoiding double taxation. Any concurrent function should form part of such a regime, and it was for the District to ascertain which functions were included in a special expenses scheme and which were not. Mr Smith commented that calculation of such expenses was by its nature complex and that any expenses set for particular items were likely to change. For example, the St Albans Town Hall now included a cafe which had not been there before – with space hired out to a private company for this purpose. This changed the nature of the Town Hall's business in that some parts of the Hall were still available to hire, but others were not. Mr Smith continued that, previously, the Parish Liaison Committee had served a useful function for such calculations and changes to be presented to. There was now no such forum for the annual special expenses exercise. Mr Smith feared that to conduct such negotiations by correspondence would not work as well.

Mr Smith talked further about the changing nature of the special expenses calculations. He said that neither budgets nor council tax base were static, but the main issue was the extent of the fluctuations from year to year, and the differential between parished and non parished areas year by year. For example, a parished area or town council might be subject to a 6.6% tax rise as opposed to a 3.5% increase for the St Albans city area. In conclusion, Mr Smith commented that it might be helpful to put the special expense and budget calculations together – allowing the impact of special expenses to be taken into account in the Council's budget setting.

Questions

The Task and Finish group made comments and put questions to both witnesses. The first concerned special expenses being added to the council tax bill. The council tax bills sent to residents were broken down between "slices" (the district, county, police

authority, parish/town where relevant etc). Group members felt there was an issue of clarity as to how this was presented and communicated to members of the public.

Members asked whether if, anywhere in the council tax demand from the district, the concept of special expenses was explained. There was an acknowledgement that there was room for explanation in a straightforward way, along with an explanation of the concept of a parish precept.

The difficulty in communicating the “slices” of council tax from the various tax raising organisations was also noted. Avoiding the criticism of double taxation was difficult, especially when talking to constituents “on the doorstep”. In addition, the variation in special expense charges between areas took people by surprise. Witnesses agreed in response to this discussion that communication associated with special expenses, such as the council tax leaflet and press releases concerning the matter, needed to be improved.

Questions followed on the application of interest to the council's contracts, current inflation linked with the retail price index and how this affected expense amounts. It was commented that the rate of increase of special expenses could be different from the increase in council expenses as a whole – for example, that there might be pressure from large council contracts such as waste collection and leisure over a period of time.

Another question was raised about the effect on council tax calculations from extra homes being built in the district, and increased numbers of single person households subject to discount in council tax amounts. In response, it was commented that this would not elicit a large rise in revenue, as there was a 0.6% rise in numbers of homes across the district as a whole.

A more general point was made about the disproportionate effect of special expenses on smaller parished areas such as St Michaels and Harpenden Rural parishes. Mr Clements said that parishes would welcome the chance to explain their own precept and the circumstances behind the charges. It was mentioned that parishes were given the opportunity to put their own documentation in the council tax demand, and that some parishes did not do this.

A question was asked about the Parish Liaison Committee – in particular, why it was no longer meeting and why this was necessarily a bad thing. In response, witnesses and

others felt that the Committee gave parishes the opportunity to be consulted and ask questions on special expenses calculations. The Committee was disbanded and replaced by the twice yearly Parish Conference, the first of which was due to meet imminently. The rationale behind the change was felt to be pressure on the clerking function at SADC, and a move to devolve administrative functions concerning certain committees of more local interest to the local councils concerned. However, parishes and Harpenden Town Council made strong representations against the abolition of the Liaison Committee, and felt that as a forum for raising significant matters, and feeding issues of concern transparently to SADC's Cabinet and Council, as appropriate, it was an effective body. These representations failed but concerns still existed as to the nature of the relationship between the parishes and the SADC executive in the absence of more formal structures. There was a fear that the parish conference would result in local councils being talked at, but not listened to. The important thing for parishes was to achieve adequate consultation and dialogue on the annual budget cycle through an appropriate forum. It could be that an appropriate group or forum was established to work with parishes over such issues, which could be brought together on an ad hoc basis.

Developing this theme of consultation and liaison between parishes and the district, it was commented that special expenses had in the past been used as a budget figure to duck behind – that relevant amounts due to be treated as special expenses should be shown in full and/or spread out equitably between councils. The principle of fair treatment of parishes, and spreading the burden, was important, rather than the amounts at stake in themselves.

Leading on from this, it was felt that this principle of equal treatment of parishes and non parished areas may result in the possibility of parishes being charged more for certain aspects, or some parishes being assisted with costs while others were not. People said that to have this debate in an open manner was preferable to the question not being raised or addressed at all, and also that if some parishes were getting assistance from the district council with particular service area charges, this should be made clear along with the reasons why (e.g. some play areas being funded from housing revenue budgets).

An issue was raised about the fact that the special expenses charge to areas was not the same as the actual end of year cost. This was answered by explaining that special expenses are an element of the council tax. Just as the St Albans council tax or indeed

the Harpenden parish precept are set in a “once and for all” manner before the start of the financial year, so special expenses are set in this way too. Whilst it would be possible to construct a scheme of automatic adjustments every year for under- and over-spending on special expenses, this was not likely to be worth the effort as variances could be in either direction.

In addition, during the group’s deliberations, the following comments were made about some specific areas of special expense:

- public halls – for special expenses, there is a need to look at the halls where a service to the public is being provided directly by the relevant council and a local authority function is being discharged – a commercial venue such as a restaurant cannot be treated as a special expense. So exemplifications C and D from the first meeting (and above in this document) are not needed and can be replaced looking at all relevant local halls across the district.
- parks – it was felt difficult to justify any particular percentages for parks so it was felt necessary to leave things as they are for now but that this was an area where regular review of the situation might be beneficial
- farmers’ markets might be explored - whether they should be treated as concurrent functions
- Christmas lights – whether spending on these was capital or revenue (maintenance and repair), and if the latter, whether these should be treated as special expenses – a decision is made by the district to capitalise whereas it could be treated as revenue, which could be open to interpretation
- usage patterns/figures should be monitored – costs should change if usage changes.

7 Principles and conclusions

The group established some broad principles it wished the Council to work to on special expenses.

- Overall, a basic question to satisfy would be if anything to be considered as a special expense is **provided in a similar manner** by the parish. If it was it should be treated as a special expense or concurrent function
- **Equity in taxation** – that residents pay for services they receive, and not for those they don't
- Adequate **dialogue and consultation** over the system and for parishes to have a say in how special expenses are calculated
- Inherent **fluidity** of special expense calculations should be noted and take into account - with a watching brief on changes which will affect calculations
- Clear **communication** of special expense issues – principles behind special expenses, the actual calculations and so on – were important.

Conclusions drawn from these principles were identified by the group as follows:

1. Special expenses should be **retained but revised**
2. The **principles** used to decide special expenses should be clarified before the numbers are examined – that is, even if amounts are small, the principle behind those numbers should be clarified and communicated
3. Ensure the system used is as **fair and transparent** as possible
4. There is a good case for **public halls being treated more equitably** as special expenses
5. There is a case for **Xmas lights** being considered as special expenses
6. A **regular review** should be conducted into the way in which special expenses operate – the group suggests that this is at least triennial, and that the annual work done to calculate special expenses should be separated from this more fundamental review.
7. Questions of **capital and revenue** in special expenses tend to confuse the overall picture – instead, what should be asked is “how much are we asking the public for and for what reasons”.

8. Where figures are dependent on knowledge of user numbers (e.g. parks), ways of **gathering reliable evidence** should be prioritised, while bearing in mind the costs involved.
9. The importance of **communication** and **perceptions** arising from the special expense calculation process is key. Questions which should be clarified include:
 - what residents get for their money
 - reasons behind separately accounted charges – why some services are subject to special expenses and some are not
 - reasons for differences in charges for different services.

Information availability is important – leaflets and press statements need to be clear. Press releases may have to veer away from a bald focus on percentage increases where there will be variability between parishes.

Bearing in mind these overall principles and conclusions, the figures below have been prepared to set out a new proposal for the treatment of special expenses for the financial year 2009/2010.

	St Albans City	Harpden Town	Colney Heath	Harpden Rural	London Colney	Redbourn	St Michael	St Stephen	Sandridge	Wheathampstead	TOTAL
COMPOSITE NO DEPRECIATION											
	£	£	£	£	£	£	£	£	£	£	£
Playing Fields and Open Spaces **	467,260	137,501			3,024	488		22,913	13,791	6,881	651,858
Local Halls **											0
Allotments	8,253										8,253
Commons **								9,566	10,002	4,086	23,654
City Centre Management **	17,130										17,130
Public Seats	3,641										3,641
Bus Shelters	17,084										17,084
Local Car Parks	2,851	1,940			1,673	392		427	2,409		9,692
Public Conveniences **	132,554	3,409			10,944	12,083		14,194	27,541	13,970	214,695
TOTAL	648,773	142,850	-	-	15,641	12,963	-	47,100	53,743	24,937	946,007
2008/09 - Band D equivalent THIS MODEL	27.22	10.57			4.42	5.36		7.66	10.95	8.57	15.71 (Av)
2008/09- Band D equivalent REAL	26.19	10.86			4.42	5.36		7.66	10.95	8.57	15.37 (Av)
	1.03	(0.29)			0.00	0.00		0.00	0.00	0.00	0.34 (Av)
Effect of change on General expenses	-0.34	-0.34	-0.34	-0.34	-0.34	-0.34	0.34	-0.34	-0.34	-0.34	-0.34

** The costs of Verulamium/Westminster Lodge Park, Rothamsted Park, Town Hall, Bricket Wood Common, Nomansland Common (including Public Conveniences, where they are located within these parks) and City Centre Management (Christmas Illuminations only) have been charged 80% as special expenses and 20% as general expenses.

**** The costs of Verulamium/Westminster Lodge Park, Rothamsted Park, Town Hall, Bricket Wood Common, Nomansland Common (including Public Conveniences, where they are located within these parks) and City Centre Management (Christmas Illuminations only) have been charged 80% as special expenses and 20% as general expenses.**

8 Appendices

Appendix 1 - extract from Department for Communities and Local Government publication “The Quality Parish and Town Council”.

Full guidance can be found at

<http://www.communities.gov.uk/documents/localgovernment/pdf/155163.pdf>

Special Expenses

23. Special expense funding 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 a 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'.

24. 'Special expenses' are another 'special item'. The five different types of special expense are listed in section 35(2).

(a) provided a resolution of a billing authority to the following effect is in force, the expenses of meeting a levy or special levy issued to or anticipated by it are its special expenses or (if the resolution relates to some only of those expenses) those to which the resolution relates are its special expenses;

(b) any expenses which a billing authority believes will have to be met out of amounts transferred or to be transferred from its collection fund to its general fund, and which arise out of its possession of property held in trust for a part of its area, are its special expenses;

(c) any expenses which a billing authority believes will have to be met out of amounts transferred or to be transferred from its collection fund to its general fund, and which relate to a part of its area, are its special expenses provided that expenses of the same kind which relate to another part of its area are to be met out of property held in trust for that part;

(d) 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; and

(e) provided a resolution of a billing authority to the following effect is in force, the expenses incurred by it in performing in a part of its area a function performed elsewhere in its area by a body with power to issue a levy

or special levy to it are its special expenses or (if the resolution relates to some only of those expenses) those to which the resolution relates are its special expenses.)³

25. 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 expenses 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.

26. Under section 34, the district council must then deduct the total of any special items. For each part of its area, the district council 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. Treating expenses as special expenses does not affect the overall amount that the district council 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 the district council 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 the district council's costs of performing the function elsewhere; and
- relatively higher, for areas where the district council performs the concurrent function, as all the district council's costs of performing the concurrent function must be met by taxpayers in the area where the district council performs it.

27. County councils are not able to treat as special expenses any expenses on performing functions in a part of the county which are performed elsewhere by a parish council. The only special expenses of county councils relate to the costs of meeting certain levies.

28. Responses from authorities using the special expenses provisions suggest that the strengths of this method are that it meets three of the important principles for

³ From local government finance act 1992

financial arrangements: fairness between council tax bills, transparency, and democratic control and accountability.

29. The reason some authorities give for not pursuing this option, is that they consider it does not meet another of the principles, that of simplicity, i.e. the need to keep administrative costs of operation to a minimum. If the amounts involved in concurrent functions are trivial, or if only a minor fraction of the overall budget is at issue, care may be needed to balance the benefit and the costs. For example, there may be excessive costs associated with the issuing of different bills to a large number of separate pockets of population, where there is a particularly complex pattern of varying provision of concurrent functions.

30. Where a principal authority has made a resolution that it has no such special expenses, it should have in place other means to ensure that finance follows function where concurrent functions exist and local taxpayers are being charged twice for them.

31. From responses received, it appears that those who have used special expenses for several years believe that it has bedded down well. When they started, they needed to provide explanations of the new system for council taxpayers to help them in their understanding of the new bills. Some who have used special expenses no longer do so because their unparished area has become a new parish or town council. In these cases having a special expenses system in place is particularly helpful, as the special expenses of the former unparished area can form the basis for the first precept of the newly established parish.

Appendix 2 - case histories

The following case studies on funding relationships between tiers of local authority are also taken from DCLG publication referred to in section 3 above.

8.1.1 a. Braintree District Council - grant scheme

The District is situated in the north of Essex and covers an area of some 236 square miles (610 sq. kms) with a population approaching 133,000. At the time of the 1991 census approximately 1.3% of the population was from black and minority ethnic groups. It is a predominantly rural area but with three main towns - Halstead, Braintree and Witham where nearly half of the residents live. There are 64 parish/town councils in the District with only one area, Braintree, being unparished. Braintree's current Parish Support Grant Scheme has been in place since 1994. It defines what types of parish expenditure are eligible for support under the scheme, the scale of grants and gives details of the scheme's administration. The text of the scheme is below:

Braintree district council parish support grant scheme

Purpose of Scheme

This scheme is intended to assist parish councils with their revenue expenditure on services, which the District Council would have to provide in the absence of parish council provision.

Eligible Expenditure

The District Council will make grants towards the 'eligible expenditure' of a parish council. For the purpose of this scheme 'eligible expenditure' means the net revenue expenditure incurred by a parish council specifically in connection with one or more of the following concurrent functions:

Off street parking

Lighting of footways and open spaces

Cemeteries

Boating and swimming pools

Physical training and recreation (inc. playing fields)

Parks and open spaces

Allotments

Entertainment and arts and tourism

Closed churchyards and church burial grounds

Parish or village halls

Public clocks

War memorials

Shelters and public seats

Public conveniences

Cleansing of ponds, ditches and drains

For the avoidance of doubt, attention is drawn to the fact that expenditure incurred under a general enabling power applicable to all local authorities (e.g. Sections 137 and 139 of the Local Government Act 1972) will not necessarily fall within the definition of eligible expenditure.

Excluded Expenditure

The following will not be regarded as eligible expenditure:-

- a) Loan charges - except to the extent that they have been specifically approved by the District Council for this purpose before the capital expenditure, to which they relate was incurred.
- b) VAT on expenditure which otherwise ranks as eligible expenditure.
- c) Contributions to capital funds, repairs and renewals funds, or any similar fund.
- d) Expenditure on schemes which are subject to any other grant aid by the District Council, e.g. minor capital grant, tree planting grant, etc.
- e) Expenditure, which is subject to separate agency agreements for work carried out on behalf of other public bodies.
- f) Costs of administration.

Scale of Grant

a) The grant will be calculated as a percentage of eligible expenditure, as shown in column a) of Appendix A (provided that the grant payable to a Council in respect of any year shall not exceed the amount calculated in accordance with columns b) or c) of Appendix A. *[Grant percentages range from 90% to 30%.]*

b) The maximum amounts specified will be subject to annual review. For the purpose of this scheme the expression 'Band D equivalents' shall mean the figure

calculated by the District Council for each area as at 1st December of the year immediately preceding the financial year in which the grant is to be paid.

Administration of the Scheme

Provisional Entitlement

A parish wishing to be given provisional advice on its entitlement to grant should contact the District Council by the required date in November of the year preceding the financial year in which the grant is to be paid.

The District Council will respond to parish councils, which have submitted form PSG4, within 28 days of receipt of the form.

Payment of Grant

After the close of the year in question the parish council will be asked to complete form PSG3 (setting out details of its actual expenditure) and submit this to the District Council by 10th April.

The unaudited income and expenditure recorded on form PSG3 will be examined and grant assessed for payment with first instalment of precept. Late returns may be accepted, but payment of grant is not guaranteed as to amount or timing.

The District Council reserves the right to recoup any grant based upon figures returned, which are found to be incorrect when audited accounts are available.

General Limitations

The District Council will set aside a global sum for grants under this scheme each year and that sum must not be exceeded. Thus, it may not be possible to grant aid every item of eligible expenditure on every occasion. The District Council reserves the right to vary, curtail or suspend this scheme at any time.

Commencement

This scheme will come into operation on 1st April 1994 and will supersede the existing Parish Support Grant Scheme operated by the District Council.

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8.1.2 b. Cherwell District Council - special expenses until new parish established

The District is mainly rural in character but has three urban centres of population at Banbury, Bicester and Kidlington. Both Bicester and Kidlington have been parished since 1974 but the former Banbury Borough, with a population in 1974 of about 30,000 was considered too large for parish status. It became instead a 'Charter Trustee' town.

On 1 April 2000 the former Borough area became a parish following a review of parish boundaries conducted by the District Council under the Local Government and Rating Act 1997. The District now has 78 parishes and no unparished areas. Of these, 66 have parish councils and the remaining 12 rely on parish meetings.

Concurrent functions arise mainly in relation to recreation powers (under section 19 of the Local Government (Miscellaneous Provisions) Act 1976). The Council's policy is normally to look to parishes to provide local recreation grounds. The District Council also provides sports centres in the urban areas and is increasingly working in partnership with parishes to meet recreation space shortfalls, often using National Lottery funding.

Due to open space land being transferred to local authorities under Planning (section 106) agreements, the District Council has developed a policy that the parish be asked to take on the future maintenance role, and costs are usually defrayed from a 15-year commuted sum from the developer. On the few occasions where a small parish has not wanted the responsibility, the District has taken it on, and the expenses have not been regarded as 'special expenses', although this may have to be revisited once the commuted sums expire.

Closed churchyard maintenance (in relation to section 215 of the Local Government Act 1972) is also a concurrent power which operates under a referral procedure whereby the local Parochial Church Council can pass the maintenance responsibility to the parish, who in turn can pass it on to the district. When asked to take on a closed churchyard, the approach is to explain that, whilst it is open to the parish to pass this responsibility on, as other parishes do, this would automatically be a 'special expense' on the parish, so they might as well precept for it and keep local control.

Cherwell had a **Special Expenses Account** for Banbury when it was unparished, up until the new Town Council there was set up on 1 April 2000. Its establishment involved the decision to transfer all of the Banbury Special Expenses Account services to the new council. This included open space areas, recreation grounds, playing fields and play equipment, cemeteries, and other items such as the Town Hall, bus shelters and twinning signs. The Banbury Special Expenses then became the new Town Council's first precept.

The District Council's policy resolution for this was as follows: "that pursuant to Section 35 of the Local Government Finance Act 1992, any expenses incurred by the Council chargeable to its General Fund, in performing functions and providing services undertaken elsewhere in the District by a Parish Council, shall be a General Expense falling upon the whole District except for those items detailed below which form the Banbury Special Expenses..."

The purpose of this (apart from creating the Banbury Special Expenses) was to have a general 'opt out' to avoid the need for the Council to be repeatedly passing 'opt out' resolutions whenever a parish chose to exercise a concurrent function which the district viewed as a genuine District-wide expense. An example would be the Local Transport Services budget: parishes have powers under the Local Government and Rating Act 1997 to make grants for Dial-a-Ride or community bus services. These are viewed as additional to the services provided District-wide.

Oxfordshire County Council has a wide range of Agency agreements with parish councils in the District on highways matters.

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8.1.3 c. East Staffordshire Borough Council - special expenses

East Staffordshire Borough Council is situated in the county of Staffordshire. The main areas of population are in the towns of Burton-upon-Trent and Uttoxeter, and the rest of the borough is mainly rural. East Staffordshire has a population of 103,730. The area is fully parished (there are 32 Parish Councils, all but 3 levy a precept) with the exception of the Burton-Upon-Trent urban area which is due to be parished in May 2003.

As part of their implementation of the Local Government Finance Act 1992, the Borough identified that some of their parishes were providing local services funded through their precept at the same time that the same services were being provided to other parishes by the Council.

The **concurrent functions** included maintenance of grassed areas and of playing fields. Therefore there was a double charge on local taxpayers in certain parishes and this was felt to be unfair. East Staffordshire chose to use the new **special expenses** provisions, coming to the view that in their circumstances it would be wrong to make a blanket resolution that they had none.

In 1993 the Borough undertook an exercise to determine the activity and approximate annual expenditure undertaken by the parishes. This was used as the basis of the determination of the special expenses. The expenses are calculated as follows:

All land is defined as either of 'strategic importance' (such as a major park or traffic island) or 'local'. Direct costs attributable to specific pieces of land within the parish area defined as 'local' are allocated. These are predominantly the costs of the Grounds Maintenance contract.

Certain costs of the Parks and Countryside Service are then apportioned to each Parish on the basis of population. The justification here is that this expenditure has, historically, been incurred in these Special Expense areas and population is deemed by the Council to be a fair method of allocation. These costs cover unforeseen events such as repairs and tree work. An element is added for inflation to arrive at the Special Expense.

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8.1.4 d. Staffordshire County Council - agency agreement

Staffordshire County Council offers parish and town councils the opportunity to carry out highway maintenance and grass cutting of highway verges by **agency agreement**. The County Council has produced two leaflets for Parishes and Town Councils explaining in detail how the arrangements work, covering their role, type of work involved, scale of payments and how to proceed if participation is desired. The agreement between the County and a participating parish uses s101 of the Local Government Act 1972 to devolve the powers to the parish. The County Association of Local Councils assisted in the negotiation of this agreement. Nearly a quarter of all local councils in Staffordshire now have some form of agency agreement with the County Council.

These arrangements fall within the wider context of Staffordshire's Local Council Charter, agreed between the County Council and the local councils in the County. The Charter started off as a bilateral agreement but Staffordshire is now exploring its development into a tripartite charter between all three tiers: County Council, District/Borough Council and the local councils.

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8.1.5 e. Maidstone Borough Council - grant scheme

Maidstone is the county town of Kent, the largest county in the South East. The Borough Council has a total population of 142,000, with an area of 97,000 acres. With 75,000 inhabitants, Maidstone town is one of the largest towns in Kent. The Borough has a substantial rural area with a number of attractive market towns and villages. There are 35 Parish Councils and 6 Parish Meetings in the Borough. As the County Town, Maidstone is the administrative centre and home to Kent County Council, Maidstone Borough Council, Kent Police and the Kent Fire Authority.

Maidstone has a **Concurrent Functions Scheme** to ensure equity of treatment for Council Tax payers in the case of a number of functions which it provides in urban areas which are made available in whole or part by Parish Councils in its rural areas. A scheme has existed since local government reorganisation in 1974 and a comprehensive review was undertaken in conjunction with Parish Councils in 1991. This produced a simpler, more equitable scheme which is aimed at redressing the imbalance of concurrent functions whilst allowing Parish Councils discretion on the nature and level of service provided.

The majority of the scheme's resources are allocated to Parishes in an annual lump sum to be spent on services concurrent to both authorities. Parish Councils have total discretion as to where resources are spent on concurrent functions. Nearly 30 service areas have been identified as concurrent ranging from open spaces, play-schemes and car parking, to subsidies for uneconomic post or telecommunications services and tourism encouragement.

Costs incurred in administering concurrent functions are included. The pattern of distribution is partly decided on the basis of population, as this is seen as the only readily available proxy for the need to spend on services. A block allocation is given (currently £1,936) to each Parish with a further amount per head of population (currently £5.18); around 20% of the annual total resources are retained each year to fund a small number of large items on a bid basis. These resources are often allocated as a percentage of the bid, are prioritised towards smaller parishes and towards schemes which meet the needs identified in the Corporate Plan e.g. Community Safety, Youth Provision and Playground improvements.

All the above arrangements were managed by a Concurrent Functions Sub-Committee on behalf of the Council's Policy & Resources Committee. Since the introduction of Cabinet style arrangements, the Strategic Leader is responsible for the Concurrent

Functions scheme. The Director of Finance and Housing administers the Concurrent Function Scheme and the Village Hall Grant Scheme. In 2002/2003 the level of resources available were as follows:-

£

Concurrent Functions Block Grant 354,800
Concurrent Functions One-Off Schemes 91,730
including Playground Improvements
Village Hall Grants 30,390
Additional resources added to scheme in 2001/02 25,000
Total 501,920
(This represents approximately 3% of MBC's total net revenue budget)

A **Best Value Pilot Study** of the Scheme was conducted in 1999, which indicated a high level of satisfaction among the Parishes, that the scheme had stimulated activity within parishes and that they were not relying totally on grants for this. The Kent Association of Parish Councils commented that the Maidstone arrangements were extremely fair and equitable and constituted best practice.

The study confirmed that the arrangements fulfilled the Council's original aim of ensuring equality of local taxation throughout the Borough and that the comparative scale of expenditure was reasonable.

The overall relationship with Parish Councils, of which the Concurrent Functions scheme is only a part, includes a Parish Chapter, an Annual Parish Conference, periodic consultations and other grants (Revenue and Capital) for specific purposes.

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8.1.6 f. Nottinghamshire County Council - Parish Partnerships

Nottinghamshire has 152 parish councils, 8 town councils and 40 parish meetings. The county remains a two-tier structure with seven District Councils outside of the City of Nottingham which was given unitary status in April 1998. The population of Nottinghamshire is 745,000 (excluding the City of Nottingham).

Concurrent functions carried out by parishes in one area and by the principal authority in another area are not problematic. Nottinghamshire County Council has encouraged

decentralised service delivery so that different areas with different characteristics and wishes can be treated individually.

In working with parishes, Nottinghamshire County Council has defined a number of services suitable for devolution. These include grass verge maintenance, non-illuminated sign maintenance, bus shelter cleaning and street lighting fault identification. A restraining factor is avoiding the delegation of functions that risk the safety of the general public and the people involved, particularly electrical tasks. Therefore the County Council stipulates that the contractor:

- undertakes a risk assessment for each activity
- must have public service liability
- must meet Nottinghamshire County Council standards including health and safety
- must have an operative(s) capable of doing the work safely

For grass-cutting the County Council stipulates that the level of work done must at least equal the level which it supplies i.e. 4 cuts and 1 strim per year. Parish councils normally take this on as they want more frequent cuts and all that have taken it on provide more than the standard.

The Council gives the parish council exactly what it would spend on grass-cutting. In Newark and Sherwood District, for example, there are eight parishes with this arrangement, and they are paid a total of £10,800 per annum. The order for this arrangement is issued in April and the parish council invoices the County Council in November. Once these arrangements are in place, they tend to continue for a period of years. One parish in Newark does bus shelter cleaning and weed control as well.

In addition all parishes receive a monthly newsletter direct, detailing programmed maintenance work, planned highway improvements, details of public transport changes/improvements and other initiatives within a district area. A number of arrangements have been established where parish representatives meet quarterly with highway managers to discuss all aspects of service delivery and work parishes undertake on our behalf. Finally a number of parishes have snow wardens who advise the County Council about local winter maintenance needs.

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8.1.7 g. Bath and North East Somerset

Reproduced report of an authority which has been through decision making about special expenses

http://www.bathnes.gov.uk/committee_papers/Council/co001130/11specia.htm

Bath & North East Somerset Council		
 MEETING:	COUNCIL	AGENDA ITEM NUMBER
MEETING DATE:	30 th NOVEMBER, 2000	
REPORT AUTHOR:	JEAN HINKS, RESOURCES DIRECTOR	
RESPONSIBLE OFFICER:	JEAN HINKS, RESOURCES DIRECTOR	
TITLE:	SPECIAL EXPENSES	
WARD:	ALL	
BACKGROUND PAPERS: Petition to Council February 2000 by the Keynsham and Saltford Liberal Democrat Group entitled 'A Fair Deal for Keynsham' Report to Strategy Committee - 30 Nov 99 "Charter Trustees - Various Issues" Appendix to report on the powers and duties of parish councils.		
AN OPEN PUBLIC ITEM		

1 SUMMARY

1.1 This report invites Council to consider its position on the matter of special expenses and also whether there are any alternatives which would address the concerns raised particularly by Keynsham residents in a petition.

2 RECOMMENDATION

2.1 That consideration is given to whether any items should be deemed as special, and if so which. ([Appendix 3](#))

3 RESOURCE AND CORPORATE POLICY IMPLICATIONS (WHERE NECESSARY, THE VIEWS OF THE COUNCIL'S STATUTORY OFFICERS ARE REFLECTED IN THE COMMENTS BELOW)

3.1 **Financial:** Included in the report.

3.2 **Staffing:** None.

3.3 **Equalities:** There is a view that residents in areas with Parish Councils are treated unequally by the Council.

3.4 **Economic:** None.

3.5 **Environment:** None.

Council Wide Impacts: Any approval of special expenses will produce differential Council tax charges from B&NES on different Council areas.

4 BACKGROUND AND LEGAL FRAMEWORK

4.1 When setting the Council tax, additional calculations have to be carried out where there are special items applicable to part only of the Council's area. This requires recalculation so as to reduce the basic Council tax payable by those who are not, and increase the basic Council tax payable by those who are, in the relevant area. This is designed to ensure that special expenditure applicable to part only of a Council's area is borne only by the residents of that area.

4.2 Section 35 of the Local Government Finance Act 1992 specifies items which are to be treated as special items. There are two broad categories i) a precept relating to part only of the Council's area, and, ii) any special expenses, as defined by section 35. Special expenses, as defined by section 35, include expenses incurred by the Council in performing in one part of its area a function performed in another part of its area by a Parish Council. However, this is not applicable if the Council has resolved that such expenses are not special expenses. The Council resolved not to have special expenses in November 1995.

4.3 In the second category, these expenses are those which are incurred in a part of the Authority's area on a function performed elsewhere in its area by a Parish. Where special expenses are deemed to exist they may then only be chargeable to the Council's area which benefits from those services.

4.4 Functions which the Council performs throughout its area or are available to all people in the area (e.g. Planning, Refuse Collection) or which none of the Parish Councils perform cannot be "special expenses." If services are provided for the benefit of all inhabitants across the whole of a Council area, they should be charged to all the residents of the Council area.

4.5 Where special expenses are deemed to exist they will then only be chargeable to the Council's area which benefits from those services.

4.6 B&NES has to date resolved that no expenses in this category should be considered as special, although other neighbouring Councils do operate special expenses schemes.

4.7 If a Parish provides an enhancement to a service provided by the District Council, that enhancement cannot be treated as a special expense.

4.8 The services most commonly deemed to be special are allotments, bus shelters, playing fields, Christmas lights, public conveniences, closed churchyards, community centres, open spaces and play areas.

5 THE CURRENT POSITION

5.1 In February a petition was presented to the Council by the Keynsham and Saltford Liberal Democrat Group. The petition, reproduced at [Appendix 1](#), requested the Council to "be fair to Keynsham and to rebate their precept".

5.2 It should be made clear that it is not possible to rebate a precept, however, there are two ways in which a financial adjustment could be made. These are:

- a) By this Council taking back responsibility for some services, and/or
- b) By determining that some expenses on services carried out by Keynsham are special under the meaning of the Local Government Act 1992.

This report concentrates on the issues relating to (b).

5.3 The Keynsham Town Council currently spends around £375,000 per annum and precepts the citizens of Keynsham the equivalent of £346,000 (or £64.72 per Band D property) in additional Council Tax.

5.4 Of this approximately half is spent on amenities and a further half on salaries, establishment costs, grants and other projects. Keynsham Town Council also supports several large capital projects including cemetery extensions and refurbishment of play areas. The current Keynsham budget is given in [Appendix 2](#).

5.5 In addition to Keynsham the Norton Radstock Council is particularly active, and others provide a range of facilities within their area. The question arises, therefore, whether those similar services provided elsewhere in the area by B&NES are actually provided for the benefit of all residents or solely for the residents of the area in which they are located. This question is more relevant as the area of Bath City is not parished and therefore has no opportunity to raise its own tax or provide its own services at present.

5.6 The Keynsham petition states "Keynsham Town Council has taken over many services previously provided by B&NES Council. Poor quality service and neglect made this necessary." This suggests that Keynsham Town Council are providing enhancements to those services rather than providing services which would otherwise be provided by B&NES (at least to the same quality).

5.7 Although there is an argument that B&NES would have continued to provide those services and to the same extent had they not been taken over by Keynsham, this is not supported by the history of the transfers.

5.8 In addition, it must be remembered that some of these "locally" provided services, where they are provided by B&NES are net income earners. If they were classified as "special" then the income earned from them could not be used to support other services generally, but would need to be given to the residents of the area in which they are located. Thus, all the income from the Haycombe Crematorium would fall to Bath residents. The range of services provided by Parish Councils are listed in [Appendix 3](#).

5.9 In summary, to classify as special a service provided by a District Council it must:

- a) Be provided by a Parish Council.
- b) Must not be an enhancement to any service which the principal Council currently provides.
- c) Be solely for the benefit of local residents.

Having examined the list of services provided by the Parish Councils at [Appendix 3](#) the Resources Director considers that none qualify on all three headings and therefore, it would not be appropriate to deem any as special.

6 OTHER CONSIDERATIONS

6.1 The Joint Partnership statement and charter with Parish Councils makes specific reference to the devolution of services to local Councils - the collective term for Parishes and Town Councils. The statement reads "Local Councils may request B&NES to devolve to them the running of services, or to enable them to supplement existing services. Where any such requests are made B&NES will consider the resource

and service implications of the request, including the effect of such arrangements on the cost and standards of the services offered elsewhere in B&NES."

6.2 The core issue which has been addressed at several meetings and by this petition is that where functions are transferred there should be a transfer of some resource to support the transfer. The Keynsham petition requests that the amount of the Keynsham precept should be rebated as a result.

6.3 There are ways for the Council to improve partnership working with local Councils without necessarily adopting a special expenses scheme. As an example, discussions are taking place with the Town Councils regarding their greater involvement in transportation issues. Such initiatives are best considered on a service-by-service basis.

6.4 Should Members wish to consider offering these 'partnership' proposals, officers could open discussions with a view to reporting back with recommendations on this.

7 CONSULTATION

7.1 This report has not been sent to Trades Unions because it has no direct staffing implications.

7.2 Consultation with Town and Parish Councils - This report has been sent to the Clerk to the Keynsham Town Council, as reference is specifically made to that Council, and to the Chairman of the Keynsham and Saltford Liberal Democrat Group as this report specifically responds to their petition.

Appendix 1

WE WANT A FAIR DEAL FOR KEYNSHAM

Keynsham Town Council has taken over many services previously provided by B&NES Council. Poor quality service and neglect made this necessary.

Keynsham cemetery - would be full in 2000 so more space provided:

Recreation Grounds - Football pitches and Manor Park Pavilion improved, new skateboard park in the Memorial Park:

Tennis Courts resurfaced with courts for basketball, five-a-side football and unihock:

Children's Play Areas - Up to date equipment well maintained:

Undamaged and clean bus shelters: Grants to Community Projects:

All these things make Keynsham a better place to live.

But we have to pay for the privilege - and pay TWICE!

We pay Council Tax to B&NES for all services received, plus the Keynsham Precept. But we are still being charged for services in Keynsham which we are no longer provided by B&NES! No rebate is being given! There is no reason for this, S.Glos can manage Special Expenses for its non Parished areas!

Be fair to Keynsham B&NES - REBATE THE PRECEPT!



Petition



Sheet 23

WE THE UNDERSIGNED CALL ON BENEVOLENT COUNCIL TO PLAY FAIR WITH KEYNSHAM AND STOP CHARGING KEYNSHAM RESIDENTS TWICE FOR THE SERVICES TAKEN OVER BY KEYNSHAM TOWN COUNCIL.

Signature	Name	Address	Telephone
<i>[Signature]</i>	A. CRANE	221 Cadbury Road, Keynsham.	
<i>[Signature]</i>	S. HILL	20, BOSTON RD SOUTHAM	
<i>[Signature]</i>	C. PEARCE	5 PAUL RD KEYNSHAM	
<i>[Signature]</i>	M. PEARCE	5 HAYES RD, KEYNSHAM	
<i>[Signature]</i>	B. T. PINKERTON	283 BOSTON RD, BS31 1TN	
<i>[Signature]</i>	A. CRANMER	4 CRANMER AVE KEYNSHAM	
<i>[Signature]</i>	R. T. LEAD	10 WINDY ROAD KEYNSHAM	
<i>[Signature]</i>	G. LEWIS	11 WINDY RD KEYNSHAM	
<i>[Signature]</i>	B. C. SIMONS	22 CHISWELL RD.	
<i>[Signature]</i>	S. BAY	21 LINDA CRESENT	
<i>[Signature]</i>	M. BAY	21 LINDA CRESENT	
<i>[Signature]</i>	J. HOLT	10 WINDY ROAD KEYNSHAM	
<i>[Signature]</i>	C. BOLDWIN	43 CHISWELL RD KEYNSHAM BS31 7DT	
<i>[Signature]</i>	P. CLEMENTS	96, SOA W/104 CP	

Please Return to: PAT CLEMENTS, 9c FARLEIGH ROAD, KEYNSHAM, BS31 2QF.

Printed by: Keynsham & Southford... Published by: Pat Clements, 9c Farleigh Rd Keynsham. Lib-Dems

Appendix 2

Source: Keynsham Town Council Web Site

www.bluefin-analysis.co.uk/keynsham/Town_council.html

Keynsham Town Council

Budget 2000/2001

	Net Expenditure on Services £
Policy & Resources	
Salaries for Office Staff	82,000
Establishment	54,500
Activities	42,600
Capital Projects	12,250
Amenities	
Cemetery	8,800
Manor Road Site	10,200
Multi Sports Site	2,500
Recreation Grounds	11,850
Salaries for Grounds Staff	64,600
Capital Projects	59,500
Plant & Vehicles	10,800
General Amenities	1,500

SPECIAL EXPENSES 2008/09

	St Albans City £	Harpenden Town £	Colney Heath £	Harpenden Rural £	London Colney £	Redbourn £	St Michael £	St Stephen £	Sandridge £	Wheathampstead £	TOTAL £
Playing Fields and Open Spaces **	499,586	137,501			3,024	488		22,913	13,791	6,881	684,184
Local Halls **	(53,389)	3,890									(49,499)
Allotments	8,253										8,253
Commons **							9,566	10,002		4,086	23,654
City Centre Management **	13,704										13,704
Public Seats	3,641										3,641
Bus Shelters	17,084										17,084
Local Car Parks	2,851	1,940			1,673	392		427	2,409		9,692
Public Conveniences **	132,554	3,409			10,944	12,083		14,194	27,541	13,970	214,695
TOTAL	624,284	146,740	-	-	15,641	12,963	-	47,100	53,743	24,937	925,408
2008/09 - Band D equivalent	26.19	10.86			4.42	5.36		7.66	10.95	8.57	15.37 (Av)
2007/08 - Band D equivalent	32.77	10.88			5.32	5.17		7.35	12.38	9.39	18.16 (Av)
	(6.58)	(0.02)			(0.90)	0.19		0.31	(1.43)	(0.82)	(2.79) (Av)

** The costs of Verulamium/Westminster Lodge Park, Rothamsted Park, Town Hall, Bricket Wood Common, Nomansland Common (including Public Conveniences, where they are located within these parks) and City Centre Management (Christmas Illuminations only) have been charged 80% as special expenses and 20% as general expenses.

