

Special Expenses

Introduction: What are Special Expenses?

Special Expenses are a part of the overall council tax charged by the Borough. The majority of the Borough's council tax is evenly distributed across all areas of the Borough. However, special expenses allow some specific costs to be distributed according to where the services are provided.

Special expenses relate to expenditure deemed solely to apply to a part of the Borough where precepting authorities in other parts of the Borough have chosen to precept and supply the same service separately. These are known as concurrent services.

Northampton Borough Council charges special expenses for the maintenance of its smaller parks and open spaces as this service is also carried out by Parish Councils in some areas. Because these smaller parks and open spaces are not evenly distributed across the borough, the special expense charge (unlike the main council tax element) differs across the parishes of the Borough.

Legal Regulations

The use of Special Area Charges is permitted in accordance with Section 35 of the Local Government Act 1992 (1992 Act). The 1992 Act provides for different amounts of Council Tax to be calculated for different parts of a council's areas, usually between parished and unparished areas. The legislation provides for a range of special items to achieve this – special expenses and parish precepts being the most common.

Section 35(2)(d) specifically defines a special expense as *“any expenses incurred by a billing authority in performing in a part of its area a function performed elsewhere in its area by a parish council are the authority's special expenses unless a resolution of the authority to the contrary effect is in force.”*

Special expenses are therefore the costs associated with concurrent services provided by a parish in some part of the authority, and by the authority in another part. The costs of the maintenance of parks and open spaces in the Borough fall under this definition as some parks and open spaces in the borough are maintained by the authority, and others are maintained by the parish councils.

Methodology for Calculating Special Expenses

The basic mechanism is to deduct the relevant expenditure from the total Council Tax applying to the total tax base, and then re-apply that expenditure over the parishes affected.

The relevant expenditure is the budgeted cost of providing parks and open spaces in the Borough. It is assumed that a proportion of these costs are met through central government grant, therefore this amount is reduced so that only a proportion of these costs that are considered to be met through council tax are charged as special expenses.

This amount is divided by the total acreage of parks and open spaces maintained by the Borough to give a cost per acre.

Some of the larger parks in the Borough are deemed to be of benefit to the whole Borough. The costs of these parks is therefore not redistributed through special expenses. The costs of the smaller, local parks and open spaces are redistributed. The total acreage of relevant parks and open spaces in each borough is then used to determine the specific charge for each area.

This means that residents in different parts of the Borough will pay different amounts according to the distribution of parks and open spaces across the Borough.

Position for 2019/20

The draft budget for 2019/20 is based on an average band D council tax for NBC of £225.84. However, this figure is only an average figure across all areas of the Borough – this figure will vary from area to area due to special expenses.

NBC charges special expenses for the maintenance of its smaller parks and open spaces as this service is also carried out by Parish Councils in some areas. Because these smaller parks and open spaces are not evenly distributed across the borough, the special expense charge (unlike the main council tax element) differs across the parishes of the Borough.

The table below shows the draft special expenses adjustments made in each area of the Borough for 2019/20:

Area within the Borough	Basic amount of NBC council tax before special expense redistribution	Total special expense amount in NBC budget to be redistributed	Redistributed special expense amount by parish area	Net special expenses adjustment	Total NBC tax payable
	(a)	(b)	(c)	(d)	(e)
Billing	225.84	-9.77	9.97	0.19	226.03
Collingtree	225.84	-9.77	0.00	-9.77	216.06
Duston	225.84	-9.77	4.18	-5.59	220.25
Great Houghton	225.84	-9.77	0.00	-9.77	216.06
Hardingstone	225.84	-9.77	2.34	-7.43	218.40
Upton	225.84	-9.77	0.00	-9.77	216.06
Wootton	225.84	-9.77	3.41	-6.37	219.47
East Hunsbury	225.84	-9.77	15.44	5.66	231.50
Hunsbury Meadows	225.84	-9.77	0.00	-9.77	216.06
West Hunsbury	225.84	-9.77	6.25	-3.52	222.32
Unparished	225.84	-9.77	11.60	1.82	227.66
Average	225.84	-9.77	9.77	0.00	225.84

In the table above:

- Column (a) is the total amount of council tax to be raised by NBC divided by the total tax base. If there was no special expense adjustment, this would be the band D tax for NBC across all areas.
- Column (b) relates to the cost of parks and open spaces to be redistributed by special expenses. This amount is taken off all areas, before being redistributed in column (c).
- Column (c) is the redistribution of special expenses. This redistribution is based on the acreage of parks and open spaces whose costs are being redistributed.
- Column (d) is the net adjustment, ie, (b) + (c). This shows that some areas pay more due to special expenses and some pay less. However, note that overall this produces a net nil adjustment across all areas. Special expenses do not affect the overall amount raised by Council Tax and do not affect the average council tax for the Borough as a whole.
- Column (e) is then the total NBC council tax payable by each area. Again, note that the average amount has not changed from column (a).

It should be noted that the above figures are based on the latest draft tax base figures and the latest draft budget figures for the costs of the maintenance of the Borough's parks and open spaces. It is possible that these figures may change between the draft budget and the final budget, but it is anticipated that the principles behind the calculation of the special expenses will remain the same.

Appendix 6

The total special expense amount to be distributed in 2018/19 was £10.07. The draft figure of £9.77 in the table above is a decrease of £0.30, or 3%. This change is due to changes to the costs of maintaining parks and open spaces; the reduction of central government funding, which increases the amount of these costs to be recovered through council tax and special expenses; and an overall increase in the tax base.