

# Special Expenses Policy

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## 1. Overview

- a. Special expenses are applied when Harborough District Council provides a service in a parish (or unparished area) which is provided in other parishes by a town or parish council.
- b. The cost of this service has to be met by the council tax payers of the town or parish where Harborough District Council is providing the service so a special expense is charged to the council tax payers of that parish.
- c. It should be noted that special expenses are not additional spending over and above the budget set by the Council but a classification within the overall budget. The Authority's budget includes Special Expenses, and some Council Tax calculations<sup>+</sup> are based on the total including Special Expenses.

## 2. Legislation

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

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<sup>+</sup> ~~For example the Council Tax calculation is confirm entitlement to Council Tax freeze grant~~

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## 3. Process

- a. Special Expenses are estimated for the year approaching (in line with all other budget estimates), in order to set the budget for Harborough District Council and Council Tax for all parishes (and unparished area) in the district.
- b. The Authority has a Special Expenses Policy agreed by Council, which is reviewed periodically. This policy determines the areas and items that are included in special expenses.
- c. If work is undertaken through the Authority's capital programme, any effect from depreciation and funding does not have any effect in the revenue budget until the following year where an estimate is included where the capital expenditure is known, otherwise there is a time lag and it falls into the year after. If the item falls within the special expenses policy then the special expenses budget for future years is amended to include the relevant costs.
- d. A year end reconciliation of spend against budget is undertaken with any surplus/deficit in year transferred to a specific earmarked reserve . This can be used to fund specific investment in localities or if the reserve builds to a material amount for a locality refunded back or charged to a special expensed area. Special Expenses budgets in future years include previous under or over spends. If there is any under / over spend in say 2012/13 this could only be reflected in the budget year for 2014/15, and similarly for 2013/14 this cannot be reflected until budget settling for 2015/16.

## 4. Special Expense Items

- a. The Council levies Special Expenses in accordance with the policy in respect of the following services:
  - i. ~~All~~ Cemetery provision
  - ii. Allotment provision~~s~~
  - iii. Harborough in Bloom
  - iv. Harborough Town Centre Support (including specified events)
  - v. Parks, Open Spaces and Recreation Grounds (defined as destination parks (Welland Park, Market Harborough and Lutterworth Country Park) and recreation grounds with play equipment)
  - v.vi. Memorial Gardens/Public Realm/Bus Shelters

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b. The whole of the net expense (inclusive of any income) is to be included in the definition of the special expense. These include direct and indirect costs (including recharges).

c. Those debt charges will be included for all projects which fall within a special expenses (above) only to the extent that it would be for prudential borrowing. ~~C~~capital receipts or revenue ~~f~~unding, and debt charges on historic capital expenses would not be included.

d. The Council provides a series of services from specific localities for all the residents of the District (for example Leisure Centres, Indoor Market). These are not locality specific and are excluded from this special expense.