



**SOUTH  
KESTEVEN  
DISTRICT  
COUNCIL**

**Finance, Economic Development and  
Corporate Services Overview and Scrutiny  
Committee**

7 September 2021

**Report of:** Councillor Adam Stokes

Cabinet Member for Finance and  
Resources



## Review of Special Expense Areas

This report reviews the costs that are currently being charged to the Special Expense Areas and examines the guiding principles that are adhered to when allocating costs to the Special Expense Areas.

### Report Author

Gill Goddard, Senior Accountant

Tel: 01476 406080

Email: [g.goddard@southkesteven.gov.uk](mailto:g.goddard@southkesteven.gov.uk)

| Corporate Priority:   | Decision type:        | Wards:           |
|-----------------------|-----------------------|------------------|
| <b>Administrative</b> | <b>Administrative</b> | <b>All Wards</b> |

|                       |  |                |
|-----------------------|--|----------------|
| <b>Reviewed by:</b>   | Claire Morgan, Senior Accountant                                 | 23 August 2021 |
| <b>Approved by:</b>   | Alison Hall-Wright, Head of Finance                              | 23 August 2021 |
| <b>Signed off by:</b> | Councillor Adam Stokes, Cabinet Member for Finance and Resources | 24 August 2021 |

### Recommendation (s) to the decision maker (s)

- The Finance, Economic Development and Corporate Services Overview and Scrutiny Committee is asked to review the current services being charged to each respective Special Expense Area (SEAs) and to consider whether transferring the responsibility to the respective local parish or town council is appropriate.**

## 1 The Background to the Report

- 1.1 A provision of the Local Government Act 1992 (section 34 and 35) allows Councils to classify by resolution, certain expenditure and income as “special” rather than general, indicating that the related tax burden is chargeable against a part rather than the whole of the Council’s area.
- 1.2 A Special Expense Area (SEA) has a separate tax levy similar to a parish/town council precept. It relates to expenses that in other locations within the district are picked up by the parish/town council e.g. playing fields, cemeteries.
- 1.3 SEA’s are created to avoid “double taxation” where a resident of South Kesteven would pay for facilities in their own parish (via their parish precept) and also pay towards another facility in another parish through the District Council precept.
- 1.4 The District currently has four special expense areas following the cessation of the Deepings SEA with effect from 1 April 2021:
- (a) Grantham SEA
  - (b) Stamford SEA
  - (c) Bourne SEA
  - (d) Langtoft SEA
- 1.5 At each annual budget setting, the costs directly associated with each of the parish areas defined above are charged accordingly. The overall budget costs are then allocated to each of the hereditaments contained in each parish (as defined by the parish boundary) and charged depending upon their Council Tax banding.
- 1.6 As stated above the budgets that are charged to each parish are allocated based on the guiding principles of whether the cost/function/activity would ordinarily be undertaken by a parish/town council in that area. In the case of Grantham, the existence of the SEA is more obvious as there is no Town Council and therefore the District Council delivers and funds a number of activities in that area.
- 1.7 The overriding principle, as set out in the prevailing legislation, is that functions that are carried out by the District Council only in part of its area that would otherwise be carried out by the parish and town council are charged to that local area. It should be noted that the SEA charge forms part of the overall Band D increase calculation so the increases in each respective SEA contribute towards the overall SKDC Band D charge.
- 1.8 Should there be a desire to reduce or remove the special expense areas, then the Council has the option of either transferring the incurred costs to the General Fund or engaging with the local parish to transfer the responsibility to them.
- 2 In order to be able to consider whether the costs being to each SEA should continue to be charged, it is helpful to specify the charges currently allocated. Each SEA is set out below:

### **Grantham SEA**

The current services funded by each respective SEA are as follows:

- Parks and Playing Fields (Wyndham Park, Dysart Park, Queen Elizabeth Park, Harrowby Lane, Arnoldfield Park)

- Grass Verge Cutting
- Grantham Cemetery
- Grantham Football Stadium contribution
- Christmas Illuminations and Fun Day
- Remembrance Sunday

|                           | <b>2018/19</b> | <b>2019/20</b> | <b>2020/21</b> | <b>2021/22</b> |
|---------------------------|----------------|----------------|----------------|----------------|
| Grantham SEA budget       | £480,490       | £502,568       | £520,187       | £538,411       |
| Band D Council Tax Charge | £44.73         | £45.81         | £46.80         | £48.24         |
| Reserve level             | £156,009       | £106,788       | £72,426        | £90,000        |

### **Bourne SEA**

The SEA funds the cost of recreation ground and playing field (Bourne Recreation Ground and Dyke Playing Field):

|                           | <b>2018/19</b> | <b>2019/20</b> | <b>2020/21</b> | <b>2021/22</b> |
|---------------------------|----------------|----------------|----------------|----------------|
| Bourne SEA budget         | £31,223        | £32,083        | £32,148        | £32,270        |
| Band D Council Tax Charge | £5.76          | £5.76          | £5.58          | £5.58          |
| Reserve level             | £15,571        | £16,783        | £24,666        | £32,000        |

### **Stamford SEA**

The SEA funds the cost of Empingham Road and Uffington Road playing fields:

|                           | <b>2018/19</b> | <b>2019/20</b> | <b>2020/21</b> | <b>2021/22</b> |
|---------------------------|----------------|----------------|----------------|----------------|
| Stamford SEA budget       | £80,129        | £81,457        | £78,979        | £79,457        |
| Band D Council Tax Charge | £11.43         | £11.43         | £10.89         | £10.89         |
| Reserve level             | £83,468        | £86,771        | £110,492       | £129,000       |

### **Langtoft SEA**

The SEA funds the cost of the playing field:

|                           | <b>2018/19</b> | <b>2019/20</b> | <b>2020/21</b> | <b>2021/22</b> |
|---------------------------|----------------|----------------|----------------|----------------|
| Langtoft SEA budget       | £4,858         | £4,923         | £4,713         | £4,700         |
| Band D Council Tax Charge | £6.48          | £6.48          | £6.21          | £6.21          |
| Reserve level             | £3,990         | £3,475         | £3,188         | £2,000         |

It is possible to transfer the asset/function and therefore responsibility of each of the SEA activities (with the exception of Grantham as it has no Town Council) to the respective town or parish council thus removing the cost from the Council budgets. This would have the effect of transferring the cost to the local precept charge rather as part of the overall SKDC Band charge. The local precept charge is not currently restricted by any referendum limit unlike the SKDC charge which is restricted by a maximum annual increase of £5 (Band D). The respective central support cost that is currently charged to

each SEA would remain as part of the overall Council cost and could not be transferred. Any transfer of asset responsibility would need to be mutually agreed by both parties and the necessary lease or freehold transfer arrangements would need to be put in place. Both Stamford Town Council and Bourne Town Council have expressed an interest in opening discussions over the future responsibility of the assets that are currently charged to their respective SEA and preliminary discussions have been opened. Moreover, the Council could consider the transfer of other community based assets to the respective Town Council that are not currently charged to the respective SEA as part of a broader transfer proposal. Any changes to the current charging responsibilities would need to be approved by Council as part of setting the budgets and Council tax for the financial year.

The Committee is asked to consider the principle of transferring responsibility from the Council to the respective town/parish council with a view to removing the SEA's from the Council's budgets from 2022/23 onwards.

### 3 **Consultation and Feedback Received, Including Overview and Scrutiny**

3.1 The Committee is invited to comment on the proposals set out in the report.

### 4 **Available Options Considered**

4.1 The options are set out in the report.

### 5 **Preferred Option**

### 6 **Reasons for the Recommendation (s)**

6.1 The reasons for the preferred option are set out in the report.

### 7 **Next Steps – Communication and Implementation of the Decision**

### 8 **Financial Implications**

8.1 These are set out in the report.

**Financial Implications reviewed by: Richard Wyles, Assistant Director of Finance and s151 Officer**

### 9 **Legal and Governance Implications**

9.1 At this time there are no legal or governance implications arising from the report. Should decisions be taken to transfer any assets then the appropriate legal arrangements will need to be agreed.

**Legal Implications reviewed by: Mandy Braithwaite, Legal Executive**

### 10 **Equality and Safeguarding Implications**

10.1 None

### 11 **Risk and Mitigation**

11.1 None.

### 12 **Community Safety Implications**

12.1 None

### 13 **How will the recommendations support South Kesteven District Council's declaration of a climate emergency?**

13.1 None

14 **Other Implications (where significant)**

14.1 None

15 **Background Papers**

15.1 None

16 **Appendices**

16.1 N/A

|                         |   |                |
|-------------------------|---|----------------|
| <b>Report Timeline:</b> | Date of Publication on Forward Plan (if required) | Not applicable |
|                         | Final Decision date                               |                |