



3 June 2019

## **SPECIAL EXPENSES SCHEME TASK GROUP – 11 JUNE 2019**

The inaugural meeting of the Special Expenses Scheme Task Group will be held at 6pm on Tuesday 11 June 2019 in Committee Room 1 at the Town Hall, Rugby.

Adam Norburn  
Executive Director

### **A G E N D A**

#### **PART 1 – PUBLIC BUSINESS**

1. Appointment of Chair – to appoint a Chair of the Task Group for the 2019/20 municipal year.
2. Apologies – to receive apologies for absence from the meeting.
3. Declarations of Interest

To receive declarations of:

(a) non-pecuniary interests as defined by the Council's Code of Conduct for Councillors;

(b) pecuniary interests as defined by the Council's Code of Conduct for Councillors; and

(c) notice under Section 106 Local Government Finance Act 1992 – non-payment of Community Charge or Council Tax.

***Note: Members are reminded that they should declare the existence and nature of their interests at the commencement of the meeting (or as soon as the interest becomes apparent). If that interest is a pecuniary interest the Member must withdraw from the room unless one of the exceptions applies.***

***Membership of Warwickshire County Council or any Parish Council is classed as a non-pecuniary interest under the Code of Conduct. A Member does not need to declare this interest unless the Member chooses to speak on a matter relating to their membership. If the Member does not wish to speak on the matter, the Member may still vote on the matter without making a declaration.***

4. Scene setting for the review with the Financial Services Manager and the Technical Accountant (briefing paper and background information attached)

## **PART 2 – EXEMPT INFORMATION**

There is no business involving exempt information.

### **Membership of the Task Group:**

Councillors Gillias, Leigh Hunt, McQueen, Mistry, Mrs O'Rourke, Pacey-Day, Picker and Roodhouse

*If you have any general queries with regard to this agenda please contact Veronika Beckova, Democratic Services Officer (01788 533591 or e-mail [veronika.beckova@rugby.gov.uk](mailto:veronika.beckova@rugby.gov.uk)). Any specific queries concerning reports should be directed to the listed contact officer.*

*If you wish to attend the meeting and have any special requirements for access please contact the Democratic Services Officer named above.*

**Special Expenses Scheme Task Group**

**11 June 2019**

**Briefing Paper**

**1. Background**

At its meeting on 11 April 2019, Brooke Overview and Scrutiny Committee (OSC) received a report (Appendix A) and a presentation (Appendix B) providing background information for the review of the Special Expenses Scheme.

The Committee agreed the one-page strategy (Appendix 1 within Appendix A) and recommended for a task group to be established at the beginning of the new municipal year.

**2. Objectives**

The purpose of the review is to review in time for the 2020/21 budget setting process the current composition of services within Special Expenses, to determine whether they are indeed services that solely benefit the residents within the urban area. Areas for discussion and options are set out in the one-page strategy.

**3. Programme of Work**

A timetable is to be set out and agreed by the task group at the inaugural meeting (please refer to slide 11 of the presentation attached at Appendix B).

Possible timetable:

Meeting 1 – setting the scene, agree a programme of work, timescale and decide what evidence is required.

Meeting 2 – consider evidence gathered and any additional information requested by the task group.

Meeting 3 – discuss any outstanding matters and agree the review outcomes and draft recommendations.

The task group should complete the review by October 2019 and submit the final review report for consideration to Communities and Resources OSC (formerly Brooke OSC) on 24 October 2019 and to Cabinet on 4 November 2019.

For information

Reports' deadline for the Committee's meeting on 24 October 2019 is at 5pm on 3 October 2019. The Chair's Agenda Meeting is scheduled for 9 October 2019 and agenda dispatch is 15 October 2019.

Reports' deadline for Cabinet on 4 November 2019 is at 5pm on 14 October. The Chairman's Pre Meeting is scheduled for 22 October 2019 and agenda dispatch is 24 October 2019.

#### **4. Discussion for this meeting**

The task group is asked to:

- appoint a chairman;
- consider the scene setting information from officers;
- agree a programme of work and timescale; and
- decide what evidence is required.

**Agenda No 4*****AGENDA MANAGEMENT SHEET***

<b>Report Title:</b>	Review of the Special Expenses Scheme
<b>Name of Committee:</b>	Brooke Overview and Scrutiny Committee
<b>Date of Meeting:</b>	11 April 2019
<b>Contact Officer:</b>	Mannie Ketley, Head of Corporate Resources and CFO, Tel: 01788 533416
<b>Summary:</b>	Members are asked to agree the one-page strategy for the review of the special expenses scheme.
<b>Financial Implications:</b>	Any financial implications will be reported as part of the review.
<b>Risk Management Implications:</b>	There are no risk management implications arising from this report.
<b>Environmental Implications:</b>	There are no environmental implications arising from this report.
<b>Legal Implications:</b>	Any legal implications will be reported as part of the review.
<b>Equality and Diversity:</b>	No new or existing policy or procedure has been recommended.

## Agenda No 4

### Brooke Overview and Scrutiny Committee - 11 April 2019

#### Review of the Special Expenses Scheme

#### Public Report of the Head of Corporate Resources and CFO

##### Summary

Members are asked to agree the one-page strategy for the review of the special expenses scheme.

## 1. BACKGROUND

The Council operates a Special Expenses scheme that ensures residents only pay for services provided in their area.

The scheme operates on the basis that certain costs of services incurred by the Borough Council are for the benefit of residents in the Town area only and that residents in the Parish areas should not meet any of these costs.

Services included in the Town area are:

- Parks and open spaces
- Cemeteries
- Town Centre Management and CCTV

The above activities can also be carried out concurrently by Parish Councils and where this occurs, the estimated costs are included within Parish precepts.

At the annual Overview and Scrutiny Workshop held on 7 March 2018, the special expenses scheme was raised as a topic for scrutiny.

## 2. THE SPECIAL EXPENSES SCHEME

### 2.1 Town Area

The Town Area includes any property in an unparished area as shown on Appendix 2. For 2019/20, the Tax base for the Town Area is **22,702.25**.

The 2019/20 estimated cost of services in the Town Area is **£1,730,631** as shown below:

<b>Town Area Special Expenses</b>	<b>2019/20</b>
Parks, Recreation Grounds and Open Spaces	£1,342,561
Cemeteries	£105,990
Town Centre Management and CCTV	£282,080
<b>Total</b>	<b>£1,730,631</b>
Divided by Tax Base	22,702.25
<b>Average Band D Council Tax for the Town Area</b>	<b>£76.23</b>

## 2.2 Parish Precepts

Parish (local) councils are the first tier of local government and are statutory bodies. They serve communities and are elected by residents. They deliver the most local form of services. The 2019/20 Tax base for Parish Councils is **14,646.49**.

Parish councils need to prepare and approve an annual budget before setting a 'precept' for the new financial year. In 2019/20 the total Parish Precepts are **£803,429**. The precept is raised on the council tax bills produced by the local billing authority.

Parish councils have not yet been subject to a requirement to hold a referendum on increases in their precept.

<b>Parish Area Special Expenses</b>	<b>2019/20</b>
Parish Precepts	£803,429
Divided by Tax Base	14,646.49
<b>Average Band D Council Tax for Parish Councils*</b>	<b>£54.85</b>

\*This is an aggregate figure as each Parish council will have an Average Band D Council Tax calculated on the basis of precept divided by tax base.

## 2.3 The Special Expenses Calculation

### Step 1:

Calculate the total Borough Basic amount of Band D council tax.

	<b>2019/20</b>
Council Tax Requirement including Parish Precepts	£7,914,005
Divided by Tax Base	37,479.74
<b>Average Band D Borough Basic Amount (a)</b>	<b>£211.15</b>

**Step 2:**

Calculate the average Band D council tax for the special expense areas.

<b>Special Expenses Calculation</b>	<b>2019/20</b>	<b>Town Area</b>	<b>Parish Area</b>
Special Expenses	£2,534,060	£1,730,631	£803,429
Divided by Tax Base	37,479.74	22,702.25	14,646.49
<b>Average Band D (b)</b>	<b>£67.61</b>	<b>£76.23</b>	<b>£54.85</b>

**Step 3:**

Deduct the result of calculation (b) from calculation (a) to give the Borough “General” Expense amount of Band D Council Tax.

Every resident in the whole of the Borough Council area will pay the “general” Council Tax. For 2019/20 this is **£143.54**.

Depending on whether residents live in the Town Area or the Parish Area the special expense amount is added to the bill and the total amount billed by Rugby Borough Council is shown at (c).

<b>Borough General Expense (a-b)</b>	<b>£143.54</b>	<b>£143.54</b>	<b>£143.54</b>
<b>Total billed (c)</b>	<b>£211.15</b>	<b>£219.77</b>	<b>£198.39</b>

Residents who live in a Parish area that has not set a precept i.e. Copston Magna, Cosford, Kings Newnham and Wibtoft, only pay the general Council tax amount.

**3. THE ONE-PAGE STRATEGY**

The one-page strategy for the review, attached at Appendix 1, has been prepared using the pattern that is customary for scoping task group reviews. The principles are the same: maintaining a sharp focus on the areas where improvements can be made on the basis of relevant evidence.

**4. NEXT STEPS**

The committee is asked to consider and approve the one-page strategy prior to commencement of the review.

A cross party membership with balanced rural and urban representation will be sought following this meeting, on the basis of the agreed one-page strategy. The following members have expressed an interest to serve on the task group at the last meeting of Whittle Overview and Scrutiny Committee 11 March 2019:

Cllr Gillias  
Cllr Leigh Hunt  
Cllr Mrs O'Rourke



**Name of Meeting:** Brooke Overview and Scrutiny Committee

**Date of Meeting:** 11 April 2019

**Subject Matter:** Review of the Special Expenses Scheme

**Originating Department:** Corporate Resources

**DO ANY BACKGROUND PAPERS APPLY**       YES       NO

**LIST OF BACKGROUND PAPERS**

<b>Doc No</b>	<b>Title of Document and Hyperlink</b>

## **REVIEW OF THE SPECIAL EXPENSES SCHEME**

### **ONE-PAGE STRATEGY**

#### **What is the broad topic area?**

A review of the special expenses scheme

#### **What is the specific topic area?**

The Council operates a Special Expenses scheme that ensures residents only pay for services provided in their area.

The scheme operates on the basis that certain costs of services incurred by the Borough Council are for the benefit of residents in the Town area only and that residents in the Parish areas should not meet any of these costs.

Services included in the Town area are:

- Parks and open spaces
- Cemeteries
- Town Centre Management and CCTV

The above activities can also be carried out concurrently by Parish Councils and where this occurs, the estimated costs are included within Parish precepts.

The purpose of the review is to review in time for the 2020/21 budget setting process the current composition of services within Special Expenses, to determine whether they are indeed services that solely benefit the residents within the urban area.

During the review members will also consider any alternative options to maintaining the current scheme and potential impact on council tax/special expenses/parish precepts.

#### **What should be considered?**

- The existing services identified as special expense activities
- If there are any additional concurrent services in the Borough and Parish Areas
- If there are potential alternatives
- If transitional arrangements should apply if the scheme is changed or discontinued

#### **Who shall we consult?**

- Members
- Various internal services e.g. Financial Services, Legal, Parks and Open Spaces
- Parish Councils
- Warwickshire Area of Local Councils (WALC)
- Rural Services Network

#### **How long should it take?**

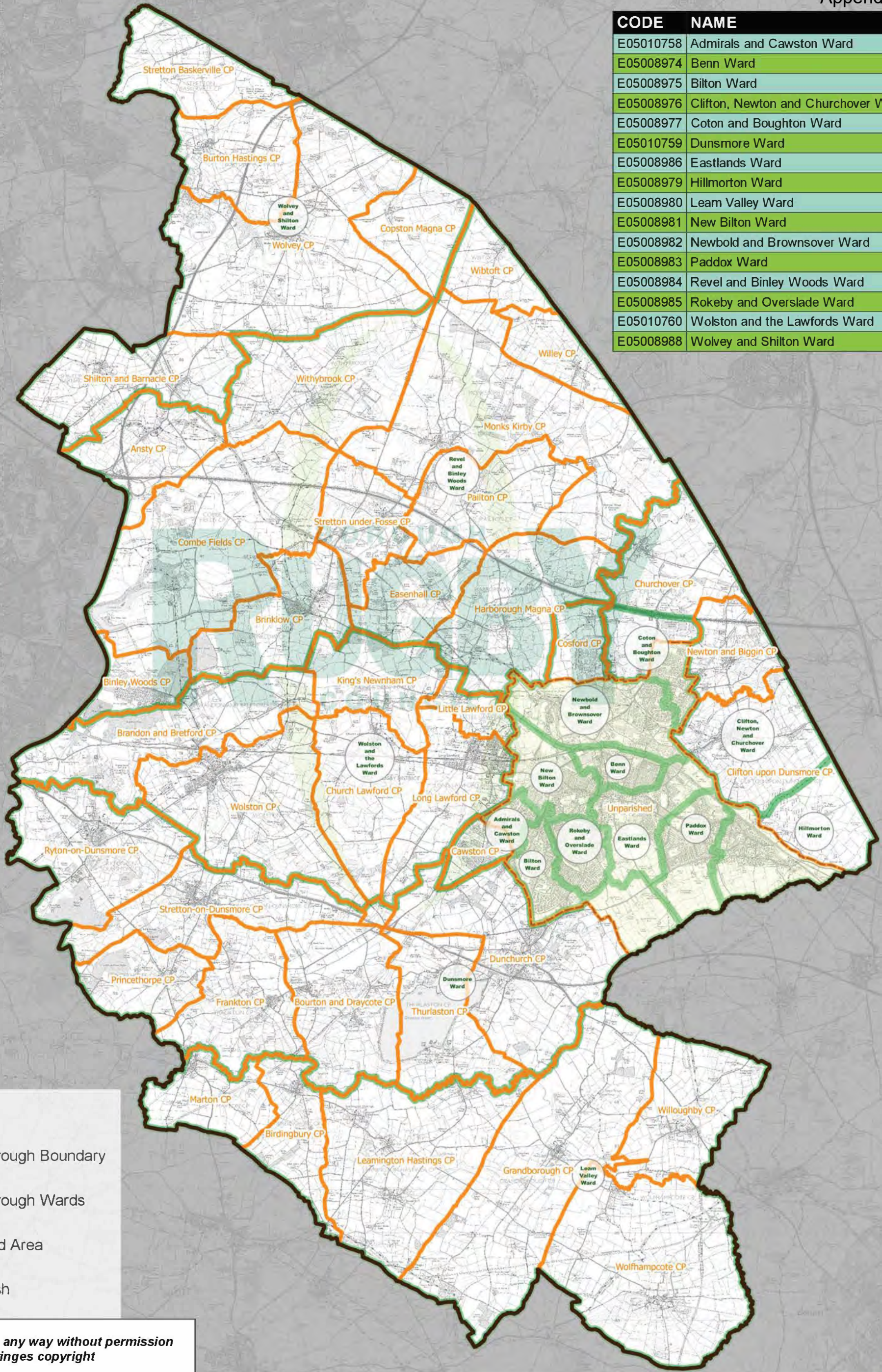
The review and consultation can be undertaken over four months with a final report submitted to Brooke Overview and Scrutiny Committee on 24 October 2019 or earlier.

#### **What will be the outcome?**

Recommendations to Cabinet 4 November 2019 or earlier, on actions or alternatives to the special expenses scheme.



CODE	NAME
E05010758	Admirals and Cawston Ward
E05008974	Benn Ward
E05008975	Bilton Ward
E05008976	Clifton, Newton and Churchover Ward
E05008977	Coton and Boughton Ward
E05010759	Dunsmore Ward
E05008986	Eastlands Ward
E05008979	Hillmorton Ward
E05008980	Learn Valley Ward
E05008981	New Bilton Ward
E05008982	Newbold and Brownsover Ward
E05008983	Paddox Ward
E05008984	Revel and Binley Woods Ward
E05008985	Rokey and Overslade Ward
E05010760	Wolston and the Lawfords Ward
E05008988	Wolvey and Shilton Ward



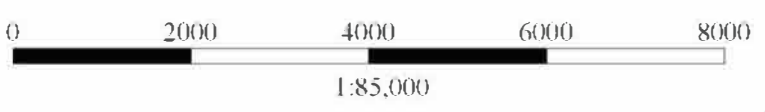
**Key**

-  Rugby Borough Boundary
-  Rugby Borough Wards
-  Unparished Area
-  RBC Parish

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**Rugby Borough Council Ward and Parish Map**

Date 01/11/2017  
Scale 1:85,000  
(when printed @A3)



Produced by MRP, IT section

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Ordnance Survey 100019417





# **Budget Scrutiny 11<sup>th</sup> April 2019**

## **Review of Special Expenses Scheme**

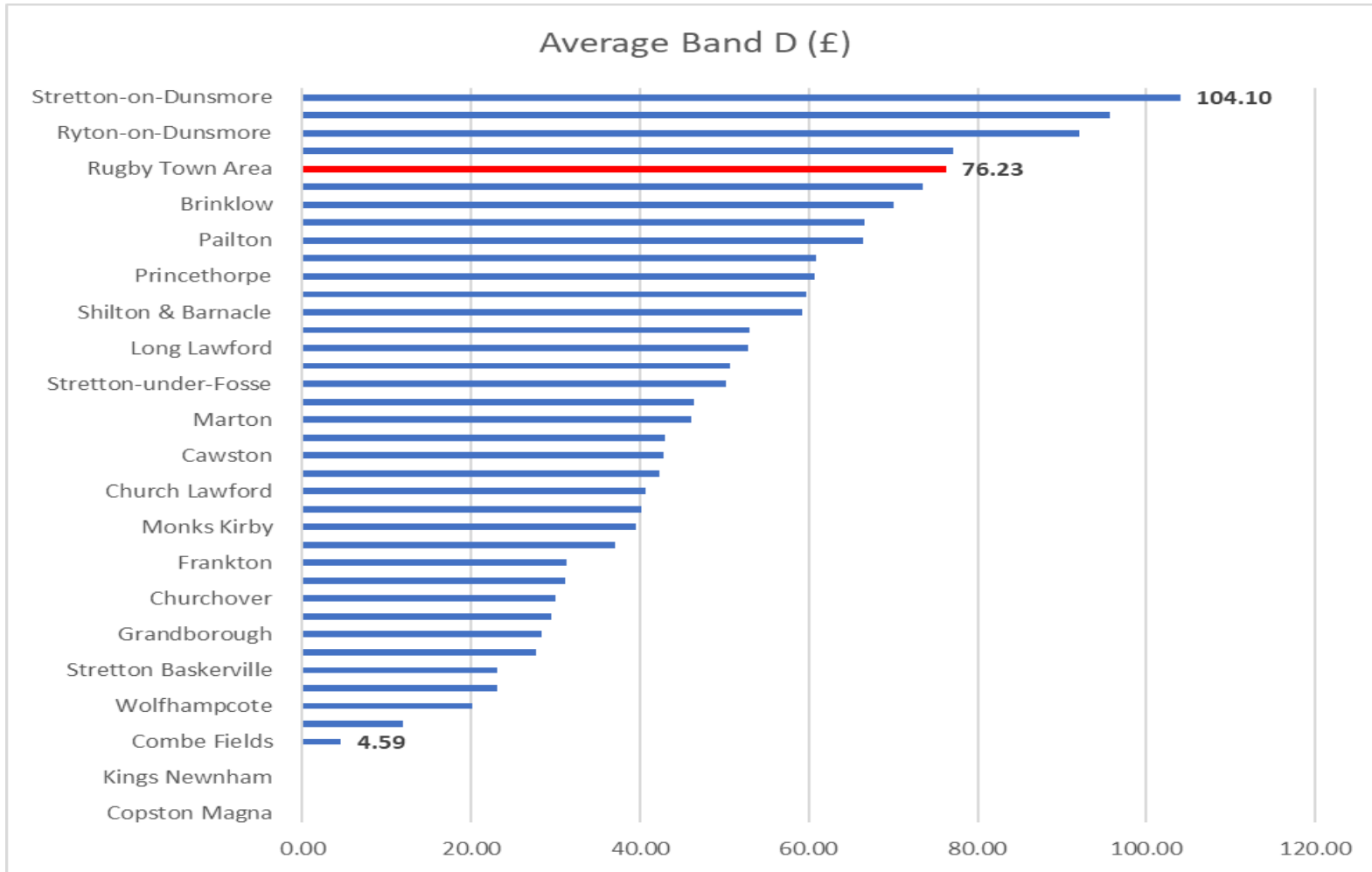


# Background – Council Tax Precept

- In addition to the general Band D Council Tax, residents will pay additional amounts depending on:
  - whether they live in the Town area where they will need to meet the costs of the **Special Expenses** activities shown above, or
  - whether they live in a **Parish area** that has planned spending and has set a precept.
- Residents who live in a Parish area that has **not** set a precept i.e. Copston Magna, Cosford, Kings Newnham and Wibtoft, only pay the general Council tax amount.



# Band D precept - Parishes v Urban Area Appendix B



**Average Band D for the Borough - £44.09**



# Purpose and Outcome of Review

## Purpose

- Review of concurrent services across the Borough.
- Determine Services chargeable to urban area.

## Outcome

- Introduce and changes in Council Tax Setting for 2020/21



# What is a special expense scheme?

Special Expenses are an adjustment to the council tax charges to reflect variations in service provision between RBC and Parish Councils, to avoid double taxation of residents in parished areas.





# What is included within Special Expense service costs?

- Direct cost of Services
  - Salaries
  - Premises
  - Transport
  - Supplies and services
  - Service Income
  
- Indirect cost of Services
  - Overheads
  - Capital Costs
  - MRP

# Wards within Urban Area/Town Area Appendix B

<b>CODE</b>	<b>NAME</b>
E05010758	Admirals and Cawston Ward
E05008974	Benn Ward
E05008975	Bilton Ward
E05008976	Clifton, Newton and Churchover Ward
E05008977	Coton and Boughton Ward
E05010759	Dunsmore Ward
E05008986	Eastlands Ward
E05008979	Hillmorton Ward
E05008980	Leam Valley Ward
E05008981	New Bilton Ward
E05008982	Newbold and Brownsover Ward
E05008983	Paddox Ward
E05008984	Revel and Binley Woods Ward
E05008985	Rokeby and Overslade Ward
E05010760	Wolston and the Lawfords Ward
E05008988	Wolvey and Shilton Ward



# Special Expenses Calculation

A specific calculation is needed to ensure residents do not pay twice for special areas and this is as follows:

- (a) Calculate the average Band D Council Tax resulting from total Borough and Parish (precept) spending combined,
  - (b) Calculate the Band D amount for Borough Special Expenses including Parish (precept) spending combined, and
  - (c) Deduct the result of calculation (b) from calculation (a) to give a general Band D Council tax.
- Every resident in the whole of the Borough Council area will pay the “general” Council Tax amount adjusted depending upon the actual banding of their property.

# Special Expense for Rugby 2019/20

## Urban Area

2019-20

<b>Average Band D Tax Base</b>	<b>22,702</b>
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<b>Current Precept</b>	<b>£76.23</b>
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## Cost of Services Included

Parks, Recreation Grounds & Open Spaces	£1,345,061
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Cemeteries	£103,490
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Town Centre Management & CCTV	£282,080
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<b>Total cost of Services</b>	<b>£1,730,631</b>
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Scope

- Outline Purpose and Outcome
- Outline timescales and RO's for actions

Consult

- Determine Concurrent Services
- Define Town Area Costs

Review

- Agree Services within Special Expense
- Report findings to Budget Scrutiny

Recommend

- Options for Special Expense Scheme 2020-21
- Report to Cabinet for Council Tax Setting

# Next Steps - Recommendations

- June
  - Liaise with Parish Councils briefing on the work currently taking place.
  - Prepare a questionnaire to assess concurrent services across the borough.
  - Initiate consultation on the services to be included within Special Expenses.
- September
  - Review output and reassess what the general fund should be paying for.
  - Re-evaluate the impact of proposed changes and options
- October
  - Report on options for special expense 2020-21.



# Risks

- Increased cost to the Council from the changes in precept through in re-evaluation of concurrent services categorised as special expense.
- Dependency Risks surrounding the information and support required in the assessment of concurrent services.