

REPORT TO:	King's Lynn Area Consultative Committee		
DATE:	15 January 2018		
TITLE:	Update on Special Expense Charge for King's Lynn		
TYPE OF REPORT:	Policy development		
PORTFOLIO(S):	Leader		
REPORT AUTHOR:	Stuart Ashworth – Assistant Director – Environment & Planning Lorraine Gore – Executive Director – Finance Services		
OPEN		WILL BE SUBJECT TO A FUTURE CABINET REPORT:	Yes

REPORT SUMMARY

PURPOSE OF REPORT/SUMMARY:			
<p>To provide an update on the options for the Committee in its consideration of the King's Lynn Special Expenses for the year 2018/2019, following the recommendation of the 19 October KLACC meeting to increase the Band D charge by £2.50 to be spent on future priorities in King's Lynn.</p>			
KEY ISSUES:			
<p>The terms of reference for the King's Lynn Area Consultative Committee (KLACC) describe one of its roles as acting as a consultative forum, on the funding raised by, and utilisation of the King's Lynn Special Expenses, and to offer input on priorities for this expenditure and if appropriate the level of funds to be raised. This will need to be a recommendation to Cabinet.</p> <p>Any recommendations will need to be made in full consideration of the implications on the Special Expenses charge. This report updates KLACC on the implications of the additional £2.50 to be spent on other priorities agreed as a recommendation at the 19 October meeting.</p>			
OPTIONS CONSIDERED:			
<ol style="list-style-type: none"> 1. Retain the previous proposal (4) to recommend to Cabinet an additional £2.50 on Band D Special Expenses, which encompasses the increase for the Parish Partnership scheme and Public Toilets. 2. Remove the previous proposal (4) to recommend to Cabinet an additional £2.50 on Band D Special Expenses, which encompasses the increase for the Parish Partnership scheme and Public Toilets. 			
RECOMMENDATIONS:			
<ol style="list-style-type: none"> 1. That the Committee amends its previous recommendation on Special Expenses, made at the 19 October meeting, by removing proposal (4) for an additional £2.50 on Band D Special Expenses, which encompasses the increase for the Parish Partnership scheme and Public Toilets. 			
REASONS FOR RECOMMENDATIONS:			
<p>Making recommendations on the utilisation of Special Expenses for King's Lynn was within the original terms of reference of the Committee.</p>			

1. Introduction

- 1.1 One of the Terms of Reference of KLACC, is “to act as a consultative forum on the funding raised by, and utilisation of the King’s Lynn Special Expenses, and to offer input on priorities for this expenditure and if appropriate the level of funds to be raised.”
- 1.2 At the meeting of 19 October KLACC made the following recommendations in relation to Special Expenses:
- (1) That the underspend reported at 2017/2018 year end on charges made to King’s Lynn Special Expenses be transferred to the reserves to provide matched funding for future bids against the Parish Partnership Scheme.
 - (2) That the Parish Partnership Funding for 2018/19 is recovered over 5 years –as outlined in option (a) of the report.
 - (3) That in relation to public toilets, the Gaywood toilets are to remain closed but costs and plans be evaluated and reported back to the Committee on building a new set of facilities. The Broadwalk and Management Building toilets in the Walks to remain open with 80% of costs charged to Special Expenses.
 - (4) The Committee recommends an increase of £2.50 in Special Expenses resulting in a Band D charge of £49.09 which encompasses the increase for the Parish Partnership Scheme and Public Toilets.
 - (5) That Councillor G Middleton be nominated to represent the Committee’s view to Cabinet.
 - (6) That Councillor J Collop be nominated to speak to Cabinet under Standing Order 34.
- 1.3 With regards recommendation (4), the proposed increase in £2.50, there is a specific issue which is discussed in more detail below.
- 1.4 To recap, the total cost of Special Expenses is met by the council tax payers of King’s Lynn. The annual charge to the residents is made through an addition to the council tax bill. The table below details the Special Expenses charge 2018/2019 for King’s Lynn.

	Charge 2018/2019 £
Footway Lighting	27,454
Play Areas	35,003
Community Centres	38,020
Closed Churchyards	10,020
Allotments	7,080
Pavilions	28,130
Dog bins	12,140
Public Conveniences	14,190

Parish Partnership – Traffic Calming	700
Open Spaces	301,885
Total	474,622
Less Council Tax Support Grant	(16,250)
Net Total Charged as Special Expenses	458,372
Taxbase 2018/2019	10,048.8
Band D Charge 2018/2019	45.61
Band D Charge 2017/2018	46.23
Net reduction from 2017/2018	-0.62

On the 19 December 2017 the Government published the Referendum Principles relating to council tax increases for 2018/2019. The principles for 2018-19 in respect of shire district authorities state:

For 2018-19, the relevant basic amount of council tax of a shire district authority is excessive if the authority's relevant basic amount of council tax for 2018-19 is —

(a) 3%, or more than 3%, greater than its relevant basic amount of council tax for 2017-18; and

(b) more than £5 greater than its relevant basic amount of council tax for 2017-18.

The referendum principles apply to the combined increase in council tax for special expenses and the borough council tax.

The table below illustrates the comparison of a 3% increase or £5 increase on the borough council tax (band D) to identify which is the greater.

Borough council tax 2017/2018 (band D)	£116.87
Borough council tax 2018/2019 with 3% increase (band D)	£120.38
Borough council tax 2018/2019 with £5 increase (band D)	£121.87

The proposed increase in the borough council tax is £4.50 to £121.37 (band D) as when combined with the increase in the overall Borough-wide special expenses of £0.36 (band D), see table below, this gives an overall increase of £4.86. The overall increase therefore complies with the referendum principles.

Total special expenses charge 2017/2018 (after council tax support grant)	£629,940
Equivalent 2017/2018 band D charge	£12.92
Total special expenses charge 2018/2019 (after council tax support grant)	£656,840
Equivalent 2018/2019 band D charge	£13.28

Increase in council tax charge for special expenses (band D)	£0.36
Borough increase in council tax (band D)	£4.50
Total increase in council tax	£4.86

If the proposed £2.50 increase in King's Lynn special expenses band D from £46.23 to £48.73 (a figure refined following the October meeting from the previously reported £49.09) is agreed this will result in the overall increase in council tax for 2018/2019 breaching the referendum principles, see table below.

Total special expenses charge 2017/2018 (after council tax support grant)	£629,940
Equivalent 2017/2018 band D charge	£12.92
Total special expenses charge 2018/2019 (after council tax support grant)	£688,150
Equivalent 2018/2019 band D charge	£13.91
Increase in council tax charge for special expenses (band D)	£0.99
Borough increase in council tax (band D)	£4.50
Total increase in council tax	£5.49

2. Options/Issues

- 2.1 Retain the previous proposal (4) to recommend to Cabinet an additional £2.50 on Band D Special Expenses, which encompasses the increase for the Parish Partnership scheme and Public Toilets. The Committee could decide to continue to request this raise with Cabinet, but given the fact this will increase council tax over and above the referendum threshold, it has no realistic chance of success, given the need for a referendum.
- 2.2 Remove the previous proposal (4) to recommend to Cabinet an additional £2.50 on Band D Special Expenses, which encompasses the increase for the Parish Partnership scheme and Public Toilets. This is considered to be the sensible option and would prevent having to recommend to Cabinet a proposal requiring a local referendum due to the increase in Special Expenses.

3. Financial Implications

- 3.1 There will be financial implications associated with the spending of Special Expenses. In this specific case, the implications of raising Special Expenses by £2.50, although only a proposal by KLACC, would have ramifications in terms of taking local Council Tax levels over the £5 threshold, thereby requiring a referendum.

4. Conclusion

- 4.1 As part of their terms of reference the King's Lynn Area Consultative Committee (KLACC) can make recommendations on priorities for the expenditure and if appropriate the level of funds to be raised through Special Expenses within King's Lynn.

- 4.2 The report to the October Committee meeting, set out the range of options for Special Expenses, and was based on the Committee's work on the various topic areas during the last year. At that meeting KLACC made a number of recommendations (set out earlier in this report), which included recommending an increase of £2.50 in Special Expenses resulting in a Band D charge of £48.73.
- 4.3 However, this level of increase could push the overall Council Tax increase over the £5 threshold triggering a referendum, which is simply not realistic, and the Committee is asked to reconsider this particular element of their recommendations.

5. Recommendation

- 5.1 That the Committee amends its previous recommendation on Special Expenses, made at the 19 October meeting, by removing proposal (4) for a proposed additional £2.50 on Band D Special Expenses for King's Lynn, which encompasses the increase for the Parish Partnership scheme and Public Toilets.