



# Appendix 2

## Financial analysis and modelling



## Appendix 2 - Financial analysis of Options A-E

Our analysis followed a two-stage process. First, we eliminated the three-unitary configurations (Options D and E)<sup>1</sup> as financially unviable. Second, we conducted a comparative assessment of the remaining two-unitary options (A, B, and C) to identify which offers the strongest long-term financial sustainability. We assessed each option against three critical financial metrics:

1. Funding-to-budget ratio
2. Reserves position
3. Debt levels

### Why discount three unitary options?

Options D and E create three unitary authorities across Cambridgeshire and Peterborough. A number of other three unitary options were considered early on by leaders, and discounted for the following reasons:

- Operating three councils will be more expensive than operating two councils<sup>2</sup>
- The three-unitary options would all struggle for population and financial scale. Specifically, 'it might be difficult to persuade Whitehall that they will be financially robust'<sup>3</sup>
- Setting up three councils (including one option which splits a district) will be more costly, complex, time-consuming and result in a longer pay-back period in both cases.

No further financial analysis has therefore been undertaken on these options.

Any of the 'two unitary' options in Cambridgeshire and Peterborough would appear, at face value, to deliver broadly comparable financial sustainability. However, closer analysis, set out in this section, confirms that there are important differences between Options A, B and C.

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<sup>1</sup> early work by leaders identified other 'three unitary' options, and these are referred to in the Pixel 6 May 2025 report as Option 1 and Option 3. Option 1 is closest to Option D, although the Option D boundaries do not include any part of Fenland Council, unlike Option 1.

<sup>2</sup> Newton [Appendix 9] p. 13, final report

<sup>3</sup> Pixel [Appendix 8], 6 May report, p. 31

## Financial Sustainability Assessment Summary

To evaluate the financial viability of each option, we have assessed three critical metrics of local authority financial sustainability: funding-to-budget ratio, reserves position, and debt levels. Each metric has been assigned a RAG (Red/Amber/Green) rating in the table below.

|          | Funding: budget ratio | Reserves | Debt  |
|----------|-----------------------|----------|-------|
| Option A | Green                 | Amber    | Amber |
| Option B | Green                 | Green    | Green |
| Option C | Red                   | Amber    | Amber |

The ratings are defined as follows:

- **Red** – Significant concern which brings into question the financial sustainability of one (or both) of the new unitaries in the option
- **Amber** – Moderate concern warranting consideration
- **Green** – No material concern identified

### Funding to budget ratio analysis

The Fair Funding Review, expected to be implemented from April 2026, redistributes funding in a number of ways. These are set out in the Pixel Report. While a detailed understanding of funding is critical, it is incomplete without comparing the funding-to-budget ratio. All of the new unitary authorities will inherit budgets from their ‘joining’ councils.

Further analysis therefore combines funding with projected expenditure. Using the funding analysis by Pixel, and the 25/26 budgets of each council, the Finance Workstream created a funding-to-budget model. Cambridgeshire County Council’s budget was disaggregated using a range of proxy measures signed off by the section 151 officers. All 25/26 budgets were uplifted by 6.3%<sup>4</sup> to create 26/27 notional new unitary budgets. The Pixel Fairer Funding model was then used to predict the likely funding-to-budget ratio of each new unitary in Options A, B and C. The figures do not assume any unitary savings/costs. Table 1 shows the funding-to-budget ratio for the new unitaries in each option.

**Option C identifies a predicted funding shortfall of £5m for the North East Unitary, creating financial instability from the outset.**

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<sup>4</sup> Table 2: [Local authority revenue expenditure and financing England: 2025 to 2026 budget - GOV.UK](#)

**Table 1 – Funding-to-budget ratio**

|                                                                                                                                                                                                                                                                                                                                                                                                                                                               | Funding (£m) 2026/27 | Predicted Net spend (£m) 2026/27 | Difference £m | Difference (%) |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------|----------------------------------|---------------|----------------|
| <b>Option A</b>                                                                                                                                                                                                                                                                                                                                                                                                                                               |                      |                                  |               |                |
| SE (City, East, South Cambs)                                                                                                                                                                                                                                                                                                                                                                                                                                  | 465                  | 417                              | 49            | 11.6%          |
| NW (Fen, Hunts, P'boro)                                                                                                                                                                                                                                                                                                                                                                                                                                       | 595                  | 583                              | 13            | 2.1%           |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                      |                                  |               |                |
| <b>Option B</b>                                                                                                                                                                                                                                                                                                                                                                                                                                               |                      |                                  |               |                |
| Gtr Camb (City, South Cambs)                                                                                                                                                                                                                                                                                                                                                                                                                                  | 367.7                | 314                              | 54            | 17.3%          |
| Northern Cambs (Fen, Hunts, P'boro, E Cambs)                                                                                                                                                                                                                                                                                                                                                                                                                  | 694.1                | 686                              | 8             | 1.2%           |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                      |                                  |               |                |
| <b>Option C</b>                                                                                                                                                                                                                                                                                                                                                                                                                                               |                      |                                  |               |                |
| NE (E Cambs, Fen, P'boro)                                                                                                                                                                                                                                                                                                                                                                                                                                     | 490                  | 495                              | -5            | -1.1%          |
| SW (Hunts, City, S Cambs)                                                                                                                                                                                                                                                                                                                                                                                                                                     | 572                  | 505                              | 67            | 13.4%          |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                      |                                  |               |                |
| Funding taken from new Pixel model for Fairer Funding formula                                                                                                                                                                                                                                                                                                                                                                                                 |                      |                                  |               |                |
| Net spend taken from Finance workstream leads disaggregated county and reaggregated unitary budget models, uplifted by 6.3% (average increase in local government spend as per RA data table 2: <a href="https://www.gov.uk/government/statistics/local-authority-revenue-expenditure-and-financing-england-2025-to-2026-budget">https://www.gov.uk/government/statistics/local-authority-revenue-expenditure-and-financing-england-2025-to-2026-budget</a> ) |                      |                                  |               |                |

In the context of funding-to-budget, the North East unitary in Option C is therefore financially concerning, and has been scored 'red' on the Financial Sustainability Assessment summary. **Creating a new unitary that starts with a budget deficit, despite the Fair Funding model drawing more funding into Peterborough and Fenland is clearly unsustainable. On this metric alone, Option C should be excluded.**

## Reserves

Moving on to the second key metric of any council's financial sustainability - it's reserves. Reserves are critical for any council to manage one off and unexpected spending pressures, volatile people services and to create a safety net to ensure residents have continuity of service provision. They are a core element of any council's financial sustainability.

An analysis of reserves<sup>5</sup> at year end 2024/25 was undertaken, to identify any concerns related to each proposed new unitary authority's financial health.

Reserves data were obtained from each council's published draft 2024/25 accounts, and Cambridgeshire County Council's reserves have been split on a population basis. The analysis assumes that there will not be an excessive use of reserves to balance budgets up to vesting day.

The chart below shows the level of reserves for each of the possible unitary options, and demonstrates that both Option A and Option C start with much greater imbalance in terms of reserves. **This is concerning for both Option A North West and Option C North East, where it is already known that demand for social care is higher and likely to experience more financial volatility. In terms of the overall RAG rating, options A and C are therefore scored amber.**



## Debt

All Cambridgeshire and Peterborough authorities commissioned work on the councils' debt levels (as at 2024/25), to identify any potential risks related to unitarisation. This work was undertaken by Pixel. The full report is attached at Appendix 8. Summary findings show that:

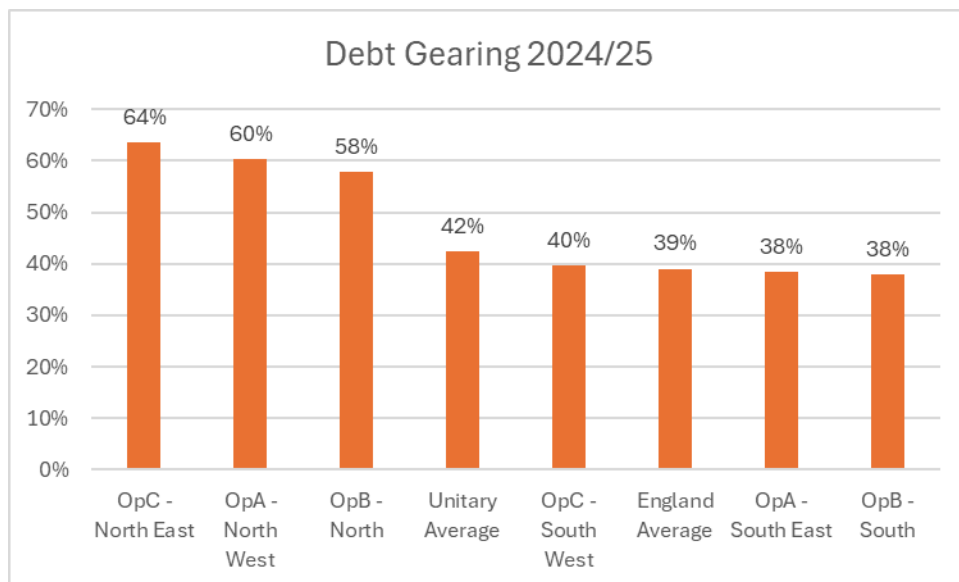
- Generally, those proposed unitaries that incorporate Peterborough will have more challenging issues as Peterborough has lower than average usable revenue reserves, a higher than average 'need to borrow' and higher debt gearing.

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<sup>5</sup> general fund and earmarked

- The more districts that are combined with Peterborough the more this reduces the challenge, as the districts have reasonable levels of financial resilience.
- Cambridge, East Cambridgeshire and South Cambridgeshire all have better than average levels of financial health and this reflects in the proposed unitary authorities that incorporate these authorities. Even though Cambridge and South Cambridgeshire have high 'need to borrow', they both have considerable levels of equity (primarily through their social housing stock) and therefore lower than average debt gearing.
- Cambridgeshire County Council has a higher-than-average Dedicated Schools Grant (DSG) deficit. This is reflected in all proposed unitary authorities but higher levels of usable revenue reserves provides resilience against these deficits. Peterborough has a lower DSG deficit so all the northern proposed unitary authorities will have lower DSG deficits.

**The Debt Gearing for each Option is set out below, which clearly shows that the more authorities that are combined with Peterborough, the better the financial impact (ie., the lower the debt gearing).**



**The assessment made of debt levels has therefore resulted in an amber rating for Options A and C (due to their higher debt gearing).**

### Financial Sustainability Assessment Conclusion

In summary, from a financial sustainability perspective, Option B offers the most balanced and equitable solution for Cambridgeshire and Peterborough as a whole.

## Savings and Costs Analysis and Assumptions

### How we approached the analysis

Engagement with our residents was instrumental in how we approached this work. They clearly stated strong support for reform of local government, but were sceptical that it would deliver savings, citing examples from other poorly delivered public sector change programmes, where promised savings were not delivered. They were also concerned about the level of disruption to services while the new unitaries are being established.

So, we have been very careful to stress test the numbers – both savings and transition costs – using data from 25/26 budgets and the published 24/25 financial statements of each authority to ensure our numbers are up-to-date and accurate.

Data was collected by all seven authorities, through the ‘Finance and Data’ workstream, represented by a finance lead from each authority. All data was signed off by the Section 151 Officers and Heads of HR. Analysis was supplemented by specialist consultancies where necessary:

- Newton [Appendix 9] on social care (adult and children), SEND and homelessness pressures as they impact the new unitaries
- Options for council tax harmonisation by Pixel [Appendix 8]
- A quality review of the work by Red Quadrant



## Savings and Costs Key Assumptions Tables

All savings and costs are identified as being delivered in years 0-5 (2027/28 – 2032/33). The CIPFA modelling spreadsheet has been used as a guide to the analysis, and detailed workings are available for each line item. Assumptions are provided for all savings and costs, below.

### Savings

|                                                                          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
|--------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Workforce Senior Management</b>                                       | <p>The current expenditure (£15.4m) is modelled on all lower tier council posts with a salary over £70k and all County/Peterborough posts with a salary over £85k, which is broadly tiers 1-3 for each council.</p> <p>The new structure is costed on the basis of 1 post at tier 1, 5 posts at tier 2 and 25 posts at tier 3 for each new unitary. This compares to Peterborough current structure of 1+5+16 and Cambridgeshire 1+4+18.</p> <p>All figures include oncosts of 25%.</p> <p>There is no stretch identified for this saving category</p> <p>Savings are split across year 2 and year 3 of the new unitaries, allowing time for departing senior staff to support implementation if necessary.</p>                                                                                                                                                                           |
| <b>All Remaining Workforce, excluding education, social care and ICT</b> | <p>The remaining workforce costs were identified from RO forms submitted to government, but exclude:</p> <ul style="list-style-type: none"><li>- senior management costs (identified above)</li><li>- education and social care costs for County and Peterborough</li><li>- ICT staff costs.</li></ul> <p>The rationale for excluding education and social care costs is that they have less opportunity for reducing duplication of posts. ICT costs were further excluded, due to a detailed piece of work commissioned on the potential for ICT savings, which includes ICT staff costs. This avoided double-counting any ICT staff savings. These exclusions result in a staffing cost in scope for savings of £224m. An 8% saving was applied to this cost in the base case, and a 12% saving was applied in the stretch case.</p> <p>Savings are split across Years 3, 4 and 5.</p> |
| <b>ICT Systems and Workforce</b>                                         | <p>A detailed analysis has been undertaken by TVI, a specialist ICT consultancy who have devised a blueprint for ICT transformation in new unitary councils. The analysis is based on data provided by all 7 ICT lead officers.</p> <p>A thorough review of all applications and data, cloud hosting/DC, Microsoft 365 and Identity, network and telephony, service management and tooling was undertaken to identify a combined existing budget of £34,585m across all seven councils, and base</p>                                                                                                                                                                                                                                                                                                                                                                                      |



savings of £9,635m (28%) and stretch savings of £11,095 (32%).  
These savings are delivered as follows:

Year 0: £230k cost

Year 1: £343k saving

Year 2: £1.7m saving

Year 3: £3.5m saving

Year 4: £4.3m saving

|                                                   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
|---------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Office accommodation</b>                       | <p>The total current expenditure of £10.9m includes all council accommodation (offices and depots). Savings are estimated at 25% base and 50% stretch. While accommodation assets are traditionally challenging to reduce, 25% of all asset value is a conservative estimate and anticipates closing some larger offices in order to open smaller 'customer front offices' in localities and rely on fewer, larger back offices in both unitary authorities. Savings are backloaded and split over three years, starting in Year 3.</p>                                                                                                                                                                                                                     |
| <b>Democratic arrangements – councillor costs</b> | <p>The current expenditure is the total cost of all councillors from all seven councils (including any expenses) as identified in the 24/25 draft published accounts. The total is £4.2m.</p> <p>The revised democratic arrangements (set out in “Our proposal for Local identity, Democratic Representation, and Community Engagement” of this proposal) create two new unitaries, the north with 125 proposed members and the south with 65 proposed members. An assumption of the average cost per member of £17,200 has been used (which is the same as the current county average cost per member, and the highest of any of the seven councils). The saving from reduction in the number of councillors is £948k, which is delivered from year 1.</p> |
| <b>Democratic arrangements – elections</b>        | <p>All councils record the cost of elections differently and this figure has therefore been calculated using a proxy of the gov.uk average cost of elector (£3.09). The new arrangements will reduce the need for county council elections, and therefore create a saving over the whole period of £1.546m by Year 5.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| <b>Supplies and Services (non-ICT)</b>            | <p>The current expenditure of £61,870m includes only district spend, because that is where the known duplication is. This includes all operational expenditure on goods and services procured (using the 24/25 revenue budgets), but does not include ICT spend nor office accommodation (which are addressed above). Therefore the total expenditure is £50,943m.</p> <p>A base saving of 7.5% is identified, and a stretch saving of 10% is identified.</p>                                                                                                                                                                                                                                                                                               |

## One-off Transition Costs

|                                                       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
|-------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Public Engagement</b>                              | Ensuring that the public are fully informed about the changes to their local council arrangements, and how to access services in the new councils will require significant public engagement, which we have costed at £600k over both councils. This is estimated based on insight from other authorities and business cases.                                                                                                                                                                                                                         |
| <b>Programme Management</b>                           | A detailed programme management team structure across both councils has been drawn up and costed. 30 posts, system licence and consultancy budgets, are estimated at a cost of £4,283m, split over 3 years. It is expected that these will be entirely new posts, but will be supported by the councils' existing transformation and business improvement teams, in order to ensure knowledge transfer and best use of resources.                                                                                                                     |
| <b>ICT</b>                                            | As mentioned in the ICT savings section above, a detailed analysis has been undertaken by TVI consultants, based on data provided by all 7 ICT lead officers. Transitional costs have been identified on a line-by-line basis for each element of ICT spend (set out above). Costs start in Year 1 and the transition is complete by Year 4. Total costs are £13,228m.                                                                                                                                                                                |
| <b>Predecessor council (organisation close downs)</b> | Transition costs associated with the legal, external audit and financial closedown of the predecessor councils will be incurred in year 1 post-vesting day. Additional financial resources will be required to support closedown. Estimate £300k per authority and 7 authorities to close (total £2.1m), during Year 1.                                                                                                                                                                                                                               |
| <b>New Council legal/financial set up</b>             | £600k per new authority to set up each council, incurred in Year 0.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| <b>New Council branding, public communications</b>    | Rebranding, livery etc. Costs estimated on the basis of experience from other authorities and business case proposals. £800k (£400k per new unitary), split over Years 1 and 2.                                                                                                                                                                                                                                                                                                                                                                       |
| <b>Shadow authority</b>                               | <p>Each council will be set up in shadow form, following the 2027 elections. This item includes:</p> <ul style="list-style-type: none"><li>- The cost of shadow elections in May 2027, calculated on an estimated cost per elector (as described in the elections savings section above)</li><li>- the cost of shadow authority members (full year)</li><li>- shadow leadership teams (tier 1 and tier 2) for 9 months in each council. If employees from existing councils fill these roles, the budget will be used to backfill their old</li></ul> |

post, to ensure continuity of delivery right up to Vesting Day.

It is assumed that the shadow authority will be supported by existing staff from Democratic Services teams, and therefore no costs have been included for this support.

|                                       |                                                                                                                                                                                                                                                                                                                                                                                                           |
|---------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Redundancy tiers 1-3</b>           | Data was collected from each authority for tiers 1-3 redundancy and pension strain. The total expected figure of £5,310m results from taking an average of the known costs and applying it to the reduction in headcount for tiers 1-3.                                                                                                                                                                   |
| <b>Redundancy remaining workforce</b> | Actual exit costs from the 24/25 published draft accounts of each authority were used to create an average exit cost per employee (up to £80k salary). These costs were then applied to the expected 8% reduction in headcount (non-senior management workforce, and not including education/social care) to estimate an exit cost across both new councils of £9,941m, which is split over Year 2 and 3. |
| <b>Ongoing disaggregation costs</b>   | The Newton report identified (p. 10 of the summary) ongoing annual disaggregation costs of £1,800m for any of the two-unitary options.                                                                                                                                                                                                                                                                    |
| <b>Contingency</b>                    | A contingency of 10% of all transition costs has been included.                                                                                                                                                                                                                                                                                                                                           |

## Council Tax Harmonisation

Unitary authorities in a single county area do not have to harmonise at the same time or over the same number of years. There are three broad approaches to council tax harmonisation:

- **harmonising to the lowest district rate:** this will result in a loss of expected income, and could compromise a new unitary authority's financial stability;
- **harmonising to the average of all districts:** known as a 'weighted average Band D', which is often considered the fairest approach;
- **harmonising to the highest district rate:** maximises potential revenue, but can create significant increases in council tax for most residents.

Our proposal follows the standard approach that both future councils will use a weighted average Band D calculation. This protects future funding streams and reduces the possibility of large increases in council tax for the majority of residents.



Our proposal will harmonise Band D council tax over the standard two-year period. This will mean that from year three all residents living in the same unitary council area will pay the same amount of council tax.

Taking any longer creates an inherent unfairness as residents in the same council pay different amounts of council tax.

In all options residents of Peterborough face an increase of 4-5%. This is because council tax levels in Peterborough are significantly lower than other local councils in the area (as set out in Table 2 below) and lower than the England average.

**Table 2: 25/26 Council Tax Band D for each authority area**

|                         | City/<br>District<br>share | County<br>share | Local<br>Authority<br>Total | Average<br>parish<br>precept | Total<br>including all<br>precepts | Comparison to<br>England<br>averages |
|-------------------------|----------------------------|-----------------|-----------------------------|------------------------------|------------------------------------|--------------------------------------|
| Cambridge               | £232.13                    | £1,700.64       | £1,932.77                   | n/a                          | £2,355.41                          | +£11 shire areas                     |
| East<br>Cambridgeshire  | £142.14                    | £1,700.64       | £1,842.78                   | £101.53                      | £2,366.95                          | +£23 shire areas                     |
| Fenland                 | £254.79                    | £1,700.64       | £1,955.43                   | £63.46                       | £2,441.54                          | +£100 shire areas                    |
| Huntingdonshire         | £165.86                    | £1,700.64       | £1,866.50                   | £88.54                       | £2,377.68                          | +£34 shire areas                     |
| South<br>Cambridgeshire | £175.40                    | £1,700.64       | £1,876.04                   | £91.98                       | £2,390.66                          | +£47 shire areas                     |
| Peterborough            | n/a                        | n/a             | £1,749.42                   | £46.43                       | £2,218.49                          | -£148 unitary areas                  |

[Council Tax levels set by local authorities in England 2025 to 2026 \(revised\) - GOV.UK](#)

\* Peterborough has parished and non-parished areas; Cambridge does not have parish councils; average parish precepts for local authority areas include zero-rated parish precepts; averages have not been weighted by parish population. The England average Band D parish precept in 2025-26 is £92.22.

\*\* The England average Band D council tax 2025/2026 is £2,280. Average Band D can be compared by type of local government arrangements. In London, the average Band D council tax in 2025/2026 is £1,982; in metropolitan areas £2,289; in unitary areas £2,366; and in shire areas £2,344.

## Comparison of Harmonisation costs over two years

### Council Tax Harmonisation - to Band D Weighted average

| Option A             |                              |                              | Option B             |                                |                              |
|----------------------|------------------------------|------------------------------|----------------------|--------------------------------|------------------------------|
| Predecessor area     | Target Band D and variations | Increase/ Decrease in Band D | Predecessor area     | Target Band D and variations £ | Increase/ Decrease in Band D |
|                      | <b>£1,886.09</b>             |                              |                      | <b>£1,898.48</b>               |                              |
| Cambridge            | <b>-46.68</b>                | -2.4%                        | Cambridge            | <b>-34.29</b>                  | -1.8%                        |
| South Cambridgeshire | <b>10.05</b>                 | 0.5%                         | South Cambridgeshire | <b>22.44</b>                   | 1.2%                         |
| East Cambridgeshire  | <b>43.31</b>                 | 2.4%                         |                      |                                |                              |
|                      |                              |                              |                      | <b>£1,839.26</b>               |                              |
|                      | <b>£1,838.55</b>             |                              | East Cambridgeshire  | <b>-3.52</b>                   | -0.2%                        |
| Fenland              | <b>-116.88</b>               | -6.0%                        | Fenland              | <b>-116.17</b>                 | -5.9%                        |
| Huntingdonshire      | <b>-27.95</b>                | -1.5%                        | Huntingdonshire      | <b>-27.24</b>                  | -1.5%                        |
| Peterborough         | <b>89.13</b>                 | 5.1%                         | Peterborough         | <b>89.84</b>                   | 5.1%                         |

| Option C             |                              |                              |
|----------------------|------------------------------|------------------------------|
| Predecessor area     | Target Band D and variations | Increase/ Decrease in Band D |
|                      | <b>£1,886.79</b>             |                              |
| Cambridge            | <b>-45.98</b>                | -2.4%                        |
| South Cambridgeshire | <b>10.75</b>                 | 0.6%                         |
| Huntingdonshire      | <b>20.29</b>                 | 1.1%                         |
|                      |                              |                              |
|                      | <b>£1,825.12</b>             |                              |
| Fenland              | <b>-130.31</b>               | -6.7%                        |
| East Cambridgeshire  | <b>-17.66</b>                | -1.0%                        |
| Peterborough         | <b>75.70</b>                 | 4.3%                         |

## **Differential Council Tax Charges: Special Expenses**

Under the Local Government Finance Act 1992, provisions allow for different amounts of council tax to be calculated for different parts of a district (e.g. parished and unparished areas), depending on what, if any, special items relate to those parts.

The Special Expenses provision gives authorities a mechanism to ensure that taxpayers do not get taxed twice for the same type of expenditure. For example, in an authority where parish councils maintain play areas, residents pay through their parish precept; in unparished areas where the authority maintains play areas, residents may pay an additional special expense charge.

The new unitary councils will have the option to implement 'special expenses' if councillors considered there was a lack of equity in council tax charges for residents across the precepting area.

The context is more complex when councils with parished and non-parished areas are integrated into new unitary authorities and have gone through a process of council tax harmonisation. Residents in an unparished part of the new unitary will historically already pay for such services through their district/city/borough council tax precept.

