

Power to Spend - Section 137

Power to Spend: The law stipulates what Councils have the power to spend money on. Acts of Parliament and Acts/Measures of the National Assembly for Wales give Councils expenditure powers for specific items or services. If a Council spends money on items or services not covered by an expenditure power they could be acting 'ultra vires' i.e. beyond their powers

What is Section 137 (S.137)?

Section 137 of the Local Government Act 1972 gives Town, Parish & Community Councils in England & Wales the ability to spend a limited amount of money for purposes for which they have no other specific statutory power. It's essentially a "power of last resort" and allows Councils to spend money on projects they believe will benefit some or all of their residents.

The amount of money that can be spent under Section 137 is capped and is usually set annually in line with inflation. This means Councils cannot endlessly spend under this provision; they have to be judicious about its use. The 23/24 limit is £9.93 per electorate.

It's worth noting that there are other sections and acts which give specific powers and responsibilities to Local Councils, and Section 137 is generally only used when no other specific power applies.

The Council must also ensure that the direct benefit to its area or residents is commensurate with the expenditure incurred. For example, spending £8,000 of the Council's allowance under Section 137, for the benefit of two people, is unlikely to be of equal benefit to the expenditure incurred. Councils must therefore exercise care when considering amounts of proposed expenditure under Section 137.

✅ Section 137 Expenditure

Under Section 137, expenses that may be incurred by a council include, but are not limited to:

Donations to Charities: A council might decide to make a donation to a local charity that provides services benefiting the local community.

Grants for Local Clubs: Supporting local youth clubs, senior citizen clubs, or other community groups that offer beneficial services or activities to residents.

Awards and Prizes: For local competitions, perhaps to encourage community spirit, art, or environmental awareness.

❌ Examples where Section 137 cannot be used.

Unrestricted Specific Statutory Power: Where the Council has a specific power to spend, that is not restricted.

Statutory Prohibition: Where there is a statutory prohibition on the Council carrying out a particular function.

Benefit of One: S137 cannot be used to benefit a single individual. You can however, provide a donation to a charity of which the individual belongs, as the benefit will be to "some" of the community.

General Power of competence: Where the Council has the General Power of Competence they can no longer use S137 as a power to spend for the benefit of the area.

Power to Spend - Section 137

Appropriate Sum under Section 137(4)(a) of the Local Government Act 1972 - Section 137 Expenditure Limit for 2024-25

Section 137(1) of the 1972 Act permits each Community or Town Council to incur expenditure for purposes for which it has no other specific powers if the Council considers that the expenditure is in the interests of, and will bring direct benefit to, the area or any part of it, or all or some of its inhabitants, providing that the benefit is commensurate with the expenditure incurred.

Community and Town Councils are also permitted under section 137(3) to incur expenditure for certain charitable and other purposes.

The maximum expenditure that can be incurred under both section 137(1) and (3) for the financial year **2024-25 will be £10.81 per elector.**

For the financial year 2024-25, the appropriate sum for the purposes of section 137(4)(a) is calculated by applying the formula set out in Schedule 12B to the 1972 Act.