DENBIGH TOWN COUNCIL

SECTION 137 EXPENDITURE POLICY

Local Government Act 1972

Financial Year 2026–2027

Date Adopted:
Next Review Date:
Responsible Officer: Town Clerk / Responsible Financial Officer

1. PURPOSE

This policy sets out Denbigh Town Council's approach to expenditure made under **Section 137 of the Local Government Act 1972**.

Section 137 provides Community and Town Councils with a limited power to incur expenditure for certain purposes where no other specific statutory power is available, provided the statutory requirements of Section 137 are met.

The purpose of this policy is to ensure that any expenditure incurred under Section 137 is lawful, transparent, properly authorised, proportionate and accurately recorded.

2. LEGAL BASIS

Section 137(1) of the Local Government Act 1972 permits a Community or Town Council to incur expenditure which, in the Council's opinion:

- is in the interests of, and will bring direct benefit to, its area or any part of it; or
- is in the interests of, and will bring direct benefit to, some or all of the inhabitants of its area,

where the Council does not have another specific statutory power to incur that expenditure.

The benefit obtained must be commensurate with the expenditure incurred.

Section 137(3) also permits expenditure for certain charitable and other purposes, subject to the provisions of the legislation.

Section 137 should not be used where the Council already has another statutory power which authorises the proposed expenditure.

3. SECTION 137 EXPENDITURE LIMIT FOR 2026–2027

The Welsh Government has confirmed that the appropriate sum for the purposes of Section 137(4)(a) of the Local Government Act 1972 for Community and Town Councils in Wales for the financial year **2026–2027 is £11.60 per elector**.

This represents an increase from £11.10 per elector in 2025–2026.

The maximum amount available to Denbigh Town Council under Sections 137(1) and 137(3) during 2026–2027 shall therefore be calculated as:

Number of electors × £11.60

The number of electors used for this calculation shall be the relevant electoral figure applicable for the purposes of Section 137 and the legislation governing the calculation.

The Responsible Financial Officer shall calculate and record the Council's Section 137 expenditure limit for the financial year and monitor expenditure against that limit.

4. GENERAL POWER OF COMPETENCE

The **Local Government and Elections (Wales) Act 2021** introduced the General Power of Competence for qualifying Community and Town Councils in Wales, with the relevant provisions coming into force on 5 May 2022.

An eligible Community or Town Council exercising the General Power of Competence is not subject to the Section 137 expenditure limit when acting under that general power, although separate statutory conditions and requirements apply.

Accordingly, before expenditure is classified as Section 137 expenditure, the Town Clerk/RFO shall consider whether:

1. the Council has a specific statutory power to incur the expenditure;
2. the Council is entitled to rely upon the General Power of Competence and whether that power is appropriate in the circumstances; or
3. Section 137 is the appropriate statutory power.

The statutory power relied upon should be identified wherever reasonably practicable when expenditure is authorised.

5. CONDITIONS FOR SECTION 137 EXPENDITURE

Before expenditure is authorised under Section 137(1), the Council must be satisfied that:

- there is no other specific statutory power available to authorise the expenditure;
- the expenditure is in the interests of the Council's area, part of its area, or some or all of its inhabitants;
- there is a clear and identifiable direct benefit to the area or its inhabitants;
- the benefit is proportionate and commensurate with the amount proposed to be spent;
- the expenditure is within the Council's remaining Section 137 annual expenditure limit; and
- the expenditure complies with the Council's Financial Regulations, Standing Orders, budgetary arrangements and any other relevant policies.

Section 137 must not be used merely because it is administratively convenient where another appropriate statutory power exists.

6. BENEFIT TO THE COMMUNITY

When considering expenditure under Section 137, the Council shall identify the benefit expected to arise from the expenditure.

The Council should consider:

- who will benefit;
- how many residents or what part of the Council's area is likely to benefit;
- the nature and extent of the benefit;
- whether the benefit is direct rather than remote or incidental; and
- whether the amount proposed is reasonable and proportionate to that benefit.

The Council shall not incur Section 137 expenditure where the benefit to the area or its inhabitants is insignificant or disproportionate to the expenditure proposed.

7. GRANTS AND DONATIONS

Where the Council proposes to provide financial assistance to a community organisation, charity, voluntary organisation or other body, the Town Clerk/RFO shall identify the appropriate statutory power before payment is authorised.

Where Section 137 is relied upon, the Council must be satisfied that the statutory requirements are met.

Applications for financial assistance may also be subject to the Council's separate **Grant Aid Policy** and associated application and monitoring arrangements.

Approval of a grant under the Council's Grant Aid Policy does not, in itself, provide the legal power to make the payment. The appropriate statutory power must also be identified.

8. AUTHORISATION

All expenditure under Section 137 must be properly authorised in accordance with the Council's Standing Orders, Financial Regulations and approved Scheme of Delegation, where applicable.

Where a decision is made by the Council or a Committee, the minutes should clearly record that the expenditure has been authorised under **Section 137 of the Local Government Act 1972**.

Where appropriate, the minute should also record:

- the amount authorised;
- the recipient or purpose of the expenditure;
- the community benefit identified; and
- confirmation that the expenditure falls within the Council's available Section 137 limit.

9. FINANCIAL RECORDS

The Responsible Financial Officer shall maintain an appropriate record of all expenditure incurred under Section 137.

The record should include, as a minimum:

- date of approval;
- minute reference or other authority;
- recipient/payee;
- purpose of expenditure;
- amount;
- statutory power relied upon;
- brief description of the community benefit; and
- cumulative Section 137 expenditure for the financial year.

Section 137 expenditure shall be separately identifiable within the Council's accounting records where required.

10. MONITORING THE ANNUAL LIMIT

The Responsible Financial Officer shall monitor cumulative Section 137 expenditure throughout the financial year to ensure that the statutory limit is not exceeded.

For 2026–2027, the Council's maximum expenditure shall be:

£11.60 × relevant number of electors (6745) = ££78,242.00

Total expenditure incurred under Sections 137(1) and 137(3) must not exceed the statutory maximum applicable to the Council.

Members shall be advised if expenditure is approaching the annual limit.

11. RESPONSIBILITY OF MEMBERS

Councillors should satisfy themselves that expenditure proposed under Section 137 meets the statutory requirements before voting to approve it.

Members should consider:

Is there another statutory power available?

If yes, that power should normally be used.

Is there a direct benefit to the Council's area or its inhabitants?

The benefit should be identifiable.

Is the expenditure proportionate to that benefit?

The Council should be able to demonstrate that the expenditure represents a reasonable use of public funds.

Is sufficient Section 137 capacity available?

The RFO should confirm that the proposed expenditure will not cause the statutory annual limit to be exceeded.

12. ROLE OF THE TOWN CLERK / RESPONSIBLE FINANCIAL OFFICER

The Town Clerk/RFO shall:

- advise the Council on the appropriate statutory power for proposed expenditure;
- maintain appropriate records of Section 137 expenditure;
- calculate the annual Section 137 expenditure limit;
- monitor expenditure against that limit;
- ensure payments are recorded appropriately within the Council's accounts;
- advise Members where proposed expenditure may not meet the statutory requirements; and
- ensure that the Council takes account of updated Welsh Government guidance and statutory limits.

Nothing within this policy requires the Town Clerk/RFO to process expenditure which they reasonably consider to be unlawful.

13. PUBLIC MONEY AND VALUE FOR MONEY

Section 137 is a statutory spending power and must not be regarded as a general discretionary fund.

All expenditure remains expenditure of public money and must therefore demonstrate appropriate governance, accountability and value for money.

The Council shall apply the same standards of financial control, transparency and scrutiny to Section 137 expenditure as it applies to expenditure made under any other statutory power.

14. REVIEW

This policy shall normally be reviewed annually, or earlier where:

- legislation changes;
- Welsh Government guidance changes;
- the statutory Section 137 appropriate sum changes;
- the Council becomes, or ceases to be, eligible to exercise the General Power of Competence; or
- the Council identifies a need to amend its financial governance arrangements.

The financial limit within this policy shall be updated annually following notification of the appropriate sum by the Welsh Government.

15. 2026–2027 SECTION 137 CONTROL RECORD

Welsh Government appropriate sum: £11.60 per elector

Relevant number of electors: 6745

Maximum Section 137 expenditure for 2026–2027: £78,242.00

Adopted by Denbigh Town Council on: _____

Signed: _____
Town Mayor / Chair

Signed: _____
Town Clerk / Responsible Financial Officer