



YORKSHIRE LOCAL COUNCILS ASSOCIATIONS

ADVICE NOTE:	Number 5
SUBJECT:	Section 137 of the Local Government Act 1972

SECTION 137 OF THE LOCAL GOVERNMENT ACT 1972

Section 137 gives local councils the ability to incur expenditure where there is no other specific statutory power to do so. It can be used where the council feels the expenditure is in the interests of, and will bring direct benefit to, its area or any part of it, or all or some of its inhabitants.

It must not be used where expenditure could be incurred under any other power available to the council. The council must also consider whether the direct benefit is commensurate with the expenditure. It is for the council to decide if this test is met but it must consider the issue in its deliberations. A council which has qualified for and has resolved to use the General Power of Competence cannot use Section 137.

Subsection (3) of Section 137 allows local councils to contribute to any charitable body for its work in the United Kingdom, to any non profit making body which provides a public service to all, or a section of, the public within the UK and to any disaster appeal fund launched by the chairman of a principal local authority within the UK.

When deciding on expenditure under Section 137, the minute of the decision should state explicitly that it is Section 137 expenditure. A separate account of all Section 137 expenditure within the financial year should also be kept. The reason for this is that the total amount spent under Section 137 in 2019/2020 financial year must not exceed £8.12 multiplied by the number of electors in the parish on 1 April of the financial year in question. The amount per elector is fixed every year but is not index linked. YLCA will provide the yearly per elector amount via its newsletter when the change is implemented.

The Local Government and Housing Act 1989 Section 36 made two further changes relevant to Section 137. The first concerns financial assistance to voluntary bodies, charities and disaster appeal funds whether made under Section 137 or any other power. Where the total assistance to any of these purposes exceeds £2,000 in any one financial year the council must insist that the recipient provides a written report on the use of the assistance within 12 months. An annual report or set of accounts from which the use of the assistance can be seen is sufficient. The report must be deposited with the proper officer of the council (usually the clerk) and will therefore be open to public inspection.

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