

*These notes refer to the Local Government Act 2003 (c.26)
which received Royal Assent on 18th September 2003*

LOCAL GOVERNMENT ACT 2003

EXPLANATORY NOTES

COMMENTARY ON SECTIONS

Part 8: Miscellaneous and General

Sections 112 to 122: Other

Section 118: Appropriate sum under section 137(4) of the Local Government Act 1972 :

360. **Section 118** amends section 137(4) of the Local Government Act 1972. Section 137 permits parish and town councils in England, and community councils in Wales, to spend up to a given amount in a financial year on items that are of direct benefit to their area in relation to which no other powers of expenditure exist. The amount is found by multiplying the appropriate sum by the relevant population of the authority's area. {The appropriate sum in England, which was set by section 137(4AA)(c), is £3.50 per elector, but this is due to be increased in advance of the Act, by statutory instrument, to £5.00 per elector in time for the financial year 2003/04. The appropriate sum is currently £5.00 per elector. This was set in England by the [Local Authorities \(Discretionary Expenditure Limits\)\(England\) Order 2000 \(SI 2002/2878\)](#) and in Wales by the [Local Authorities \(Discretionary Expenditure Limits\) \(Wales\) Order 2000 \(SI 2000/9000\)](#).
361. **Section 118** provides for the appropriate sum to be determined in accordance with a new Schedule 12B to the 1972 Act.
362. The Schedule states that the appropriate sum for the financial year in which the Act comes into force, will be £5.00. It also specifies that the sum will automatically be increased for each financial year thereafter in line with the annual change in the retail prices index. This is achieved by multiplying the appropriate sum for the preceding financial year by the ratio between the retail prices index for September of the preceding financial year and the corresponding figure a year earlier.
363. The Schedule also permits the Secretary of State to specify, by order, an alternative appropriate sum to that calculated with reference to changes in the retail prices index for parish and town councils in England; and for the National Assembly for Wales to specify an alternative appropriate sum for community councils in Wales.