EXPLANATORY NOTE

(This note is not part of the Order)

Section 137 of the Local Government Act 1972 enables local authorities in England to incur expenditure for certain purposes not otherwise authorised. This expenditure must not exceed the amount produced by multiplying a specified sum by the relevant population of the authority's area. The relevant population is currently the number of electors resident in the authority's area.

In effect, as respects England, this limit applies only to parish councils. Subsections (9) and (10) of section 137 provide that the section, apart from subsection (3), as respects England, only applies to parish councils. Meanwhile, subsection (3) provides that the expenditure limit for that subsection, set out in subsection (4), as respects England, only applies to parish councils.

The appropriate sum has to be calculated in accordance with Schedule 12B to the 1972 Act, which was inserted by section 118(2) of the Local Government Act 2003. Paragraph 2 of Schedule 12B provides that the appropriate sum is £5.00 for the financial year in which section 118 of the 2003 Act comes into force. Thereafter, paragraph 3 of Schedule 12B provides that the appropriate sum will increase annually in line with the retail prices index, unless an alternative sum is specified under paragraph 4.

Section 118 was brought into force in relation to England on 1st April 2004 by article 7(a) of the Local Government Act 2003 (Commencement No. 1 and Transitional Provisions and Savings) Order 2003 (S.I. 2003/2398). This means that, in the case of a local authority in England, the appropriate sum for the financial year beginning 1st April 2004 is £5.00.

Paragraph 4 of Schedule 12B allows an alternative sum to be specified for a financial year by Order, provided the Order is made before the beginning of that financial year. This Order specifies £5.30 as the appropriate sum for the purposes of section 137(4)(a) of the 1972 Act for local authorities in England for the financial year beginning 1st April 2005.