



Llywodraeth Cymru
Welsh Government

Clerks of Community and Town Councils,

Directors of Finance,

County and County Borough Councils

4 November 2024

Dear Clerk,

**Appropriate Sum under Section 137(4)(a) of the Local Government Act 1972 -
Section 137 Expenditure Limit for 2025-26**

This is to notify you that the appropriate sum for the purposes of section 137(4)(a) of the Local Government Act 1972 (the 1972 Act) for Community and Town Councils in Wales for the financial year 2025-26 is £11.10

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 2025-26 will be £11.10 per elector.

For the financial year 2025-26, 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. The Retail Prices Index increased by 2.68% between September 2023 and September 2024. This means that, by application of the formula, the appropriate sum for the financial year 2025-26 increases from £10.81 to £11.10 per elector.

For clarity, the Local Government and Elections (Wales) Act 2021 includes provision which enables 'eligible community councils' to exercise the General Power of Competence. The power for Community and Town Councils to exercise the General Power of Competence came into force on 5 May 2022.



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The relevant **statutory guidance for community and town councils** explains the interaction between the two powers (i.e. the general power of competence and the power under s.137 of the 1972 Act). Community and town councils exercising the General Power of Competence are not subject to an expenditure limit, but other conditions apply. For all other community and town councils, the limit set out in this letter will apply.

Yours sincerely

Martin Bull
Local Government Finance Policy & Sustainability Division